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SUPREME COURT, U. S.
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JAMES D. MAHER

Supreme Court of the United States

L. E. WATERMAN COMPANY,
Plaintiff-Appellant,

against

MODERN PEN COMPANY,
Defendant-Appellant.

OCTOBER TERM, 1913

54&72

Brief of Defendant-Appellant

ALEXANDER S. BACON,
Attorney for Defendant-Appellant,
31 Nassau Street,
New York City

RECOUVER PRESS CO., Printers, 31 Vesey St., New York, N. Y.
Telephone, Cortlandt 4370 and 4371.

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of

MODERN PEN COMPANY, defendant-appellant.

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Supreme Court of the United States

L. E. WATERMAN COMPANY, Plaintiff-Appellant, against MODERN PEN COMPANY, Defendant-Appellant.	October, 1913 Term # 340 # 393

BRIEF OF DEFENDANT-APPELLANT

Writ of Error from the United States Circuit Court of Appeals, Second Judicial Circuit, which modified a Final Decree entered on the hearing of the issues, before Hon. Learned Hand, Judge.

Action in equity: unfair competition; trade marks registered 1900 and 1901, &c.

Short Statement; The Issue.

The Modern Pen Company is the sole selling agent of A. A. Waterman & Co. (now composed of Isaac E. and William L. Chapman, Mr. A. A. Waterman having assigned to them all rights in the firm name, on his retiring from the firm), who manufacture fountain pens.

The issues: Plaintiff claims that defendant is not entitled to use the name "Waterman" at all, now that A. A. Waterman has retired from the firm.

Defendant claims the unrestricted right to use its trade name, unhampered by the suffix required by the Circuit Court of Appeals, viz: "not connected with the L. E. Waterman Co."

The plaintiff is a New York corporation, organized in 1887, and took over by assignment the good will, trade name, trade marks, &c., of Lewis E. Waterman. It sells fountain pens; its claim to manufacture pens is denied.

The L. E. Waterman fountain pens are also known as the "Ideal" (trade mark registered 1900, fols. 54, 55).

The defendant, Modern Pen Company, is a corporation organized in 1905, and is the sole selling agent of the firm of A. A. Waterman & Co., who actually manufacture fountain pens, and who are the successors of the preceding firms of A. A. Waterman & Co., who have manufactured and/or sold fountain pens since before 1898.

The A. A. Waterman pens are known as the "Modern."

The alleged unfair competition consists in nothing outside of the bare fact that the name "Waterman" is contained in both trade names.

There is no claim of "simulation" or imitation of plaintiff's devices, etc. The characteristic color of the defendant in its boxes, advertising, etc., is primrose or canary. The plaintiff's characteristic color is dark blue. Their methods of advertising, etc., are distinctive.

The present firm of A. A. Waterman & Co. was organized in 1905, but Mr. Waterman retired from the firm on July 1, 1906, and *assigned* (fol. 5006) all his right, title and interest in the firm to his copartners, including the good will, exclusive use of his name, etc. (p. 1669, fol. 5006). Mr. A. A. Waterman took the Western District of America and his partners the Eastern District.

This action was begun on the theory that be-

cause Mr. Waterman had ceased to be a member of the Eastern firm, his partners (to whom he had assigned all rights) had no right to continue the use of the firm name. We understand that this theory has been abandoned; no court has sustained it; but Judge Hand made a decree which required the defendant (or A. A. Waterman & Co., which we will speak of as the same, although the defendant has many stockholders, and A. A. Waterman & Co. is a firm now composed of Isaac E. Chapman and William L. Chapman), to use a suffix "NOT CONNECTED WITH THE ORIGINAL 'WATERMAN' PEN."

The Circuit Court of Appeals changed this suffix to "NOT CONNECTED WITH THE L. E. WATERMAN COMPANY," and required the use of the name "Arthur A. Waterman & Co." instead of "A. A. Waterman & Co."

The defendant objects to any suffix and claims that it has an absolute right to use the firm name of A. A. Waterman & Co., and therefore appeals.

The plaintiff appeals because the defendant is permitted to use the name Waterman at all, as it claims, in violation of its trade mark rights, dating back in use to 1883, and registered as early as 1901. Plaintiff makes no claim to the *exclusive* use of the word "Waterman" for the ten years before 1905, i. e., under the Trade Mark Act of 1905.

Before 1895—19 years ago—A. A. Waterman had been an employe of the L. E. Waterman Company as a salesman. He was not related in any way to L. E. Waterman then connected with the plaintiff. He went into business for himself with a man named Gibson under the *firm* name of "The A. A. Waterman Pen *Company*."

The plaintiff brought an action against Waterman and Gibson in the Supreme Court, New York County, and a decree was entered (September 3, 1898) restraining the defendants from using the

corporate name "A. A. Waterman Pen Company," but the decree contained the following:

"But defendants are *not prohibited* from indi-
"cating that fountain pens made by them are made
"or prepared or sold for or by Arthur A. Waterman
"& Company or A. A. Waterman & Company."

That decree was not appealed from; became final and binding upon all the parties, and is now believed to have been entered on consent. Defendant claims that it is still binding on all the parties and their privies.

A. A. Waterman and Mr. Gibson then continued to manufacture and sell fountain pens under the *firm* name of "A. A. Waterman & Co.," and from 1898 until 1906, when Mr. Waterman retired from the present firm of A. A. Waterman & Co., he continuously, without molestation from the plaintiff or any one else, continued openly and aggressively to manufacture and sell fountain pens under the name of A. A. Waterman or A. A. Waterman & Co. On July 1, 1906, he left to his partners the Eastern field, while he took over the Western field, and continued to manufacture and sell fountain pens under the name "A. A. Waterman & Co., Inc.," in the West. Between 1906 and 1910 plaintiff made no objection to the new conditions, but, on the contrary, sought to purchase defendant's assets, trade name, etc., etc., although plaintiff well knew that A. A. Waterman & Co. consisted of the Messrs. Chapman only.

The defendant's business is not new, neither is the connection with it of the Messrs. Chapman, recent. They furnished substantially all the money for the enterprise in 1901. The defendant actually manufactures its pens—every part of them—the plaintiff does not; defendant's wares are superior; the best that skill and recent patents can procure; its principal pen (self-filler, "Modern") is patented, while plaintiff's principal pen, the old-fashioned, leaky, "end joint" pen is unpatented.

Recent Litigation.

All parties acquiesced in the decree of September 3, 1898, until 1909—11 years.

In the year 1909, the L. E. Waterman Company brought an action in the United States Court in Cleveland against the Standard Drug Company, a stranger to the defendant, and another similar action in Washington, D. C., against John Saadi, on bills of complaint which stated that defendants were advertising and selling pens under the name of "Waterman" not made by the plaintiff (Cleveland complaint, p. 1694; decree, p. 1704; Saadi complaint, p. ..; decree, p. 842). The bills of complaint in these two actions made no reference to A. A. Waterman & Co., but the plaintiff obtained judgments by default, and the judgments entered specifically enjoined the sale by the defendants of any pens bearing the name "A. A. Waterman & Co." That is to say, the decrees taken by default were very much broader than the complaints. The complaints were innocuous; the decrees were exceedingly hurtful to A. A. Waterman & Co. The defendant has never claimed the right to use the word "Waterman" alone.

The plaintiff had the Cleveland decree printed with a large red seal, and, with a printed notice (p. 1706), sent it broadcast throughout the United States and Canada, warning everybody not to sell pens of "A. A. Waterman & Co." and threatening the dire results indicated in this default or rather, "consent" decree. The public would think from this formidable looking decree and notice that the plaintiff had obtained a decree after due litigation, binding upon everybody.

Thereupon the Eastern firm of A. A. Waterman & Co. (Messrs. Isaac E. and William L. Chapman) began an action in the Supreme Court, New York County, to restrain the plaintiff from bringing any

further similar actions, and to restrain the spreading of this deceitful circular.

After A. A. Waterman & Co. had brought that action against the L. E. Waterman Company, the L. E. Waterman Company brought *this* action in the United States Court (April 11, 1910) to restrain the defendant from selling the fountain pens of A. A. Waterman & Co. marked with the manufacturers' name.

A motion was made for a preliminary injunction. This was denied by Judge Coxe (see opinion, p. ....). Thereupon the plaintiff amended its complaint, alleging an infringement of its trade mark "Ideal" (registered in 1900). [There had been a trifling, inadvertent infringement], and made another motion for a preliminary injunction, and this was granted by Judge Hough (see opinion, p. 1108). An appeal was taken to the Circuit Court of Appeals. As defendant understood it, the parties were to abide by that decision, and Judge Hough stated to counsel that such an appeal, revealing all the facts in the affidavits, would save the enormous expense of a trial.

The defendant understood that both sides were to abide by the decision of that appeal.

The Circuit Court of Appeals, Second Judicial Circuit, reversed Judge Hough's order and vacated the preliminary injunction, except as to the use of "Ideal" and "Waterman" standing alone (fols. 3361-2), (see opinion, p. 1114; decree, pp. 1118-21). The defendant thought this was the end of the matter, but after long delay the plaintiff began taking testimony at enormous expense over many parts of the United States and Canada. The record is found in three large volumes, and the writer has no hesitancy in saying that if the present practice had prevailed and the evidence had been taken in open court, the record would have been far less than one of the present volumes. Most of the testimony is irrelevant.

The plaintiff took over six months to gather in its testimony, and before it began to be taken, the plaintiff's attorney had been throughout the West, visiting customers and trying to get *somebody* to admit that *some* salesman of the defendant had said that he represented "Waterman pens" without using the letters "A. A." There was no such testimony, as the defendant was always very careful to designate its superior product as "A. A. Waterman" to distinguish it from the inferior out-of-date product sold by the plaintiff. Defendant's instructions to salesmen were very emphatic and were carried out conscientiously. The instructions were not controverted.

The defendant's testimony was all taken in New York City and taken within twenty-four days, and consists largely of exhibits.

Long after the beginning of this action, this plaintiff began an action against an agent of the defendant in Milan, Italy, on a complaint that the plaintiff knew in many respects to be false. This action was begun long *after* the plaintiff itself had submitted the controversy to this court. The Italian court interpreted the partnership agreement between Waterman and the Chapmans (Exhibit A-13, p. 1668); refused to take any testimony in explanation of it, and declared that agreement to be fraudulent [no American Judge has held that], (see opinion of the Italian court, p. 1843), and gave a temporary judgment in favor of L. E. Waterman Company. This has caused many thousands of dollars damage to this defendant, cutting off its Italian trade. That Italian decree is still in force; has been appealed, and its decision is, apparently, awaiting this decision of the United States Supreme Court. The Italian Court refused to follow the Circuit Court of Appeals which had then already passed upon this case.

The issues were tried before Judge Hand, and

before his decision, the plaintiff got permission to set up the Italian judgment (which has been appealed from and the appeal not yet decided), and took testimony in relation to it. Judge Hand did not take the Italian decree seriously (see opinion at p. 1862). This Italian judgment had not, of course, been pleaded.

Judge Hand, going beyond anything that *ever* had been done in similar circumstances, decreed that the defendant *had* the right to use the name A. A. Waterman & Co., but that they should always use a suffix, "NOT CONNECTED WITH THE ORIGINAL 'WATERMAN' PEN." The defendant appealed. The plaintiff did not.

Defendant contends that to require a suffix at all is entirely unprecedented, and error.

The Circuit Court of Appeals modified the decree of Judge Hand by requiring a suffix, "NOT CONNECTED WITH THE L. E. WATERMAN COMPANY" and required the use of the name "Arthur A. Waterman & Co." instead of "A. A. Waterman & Co."

The defendant takes a writ of error to the Supreme Court of the United States, complaining of the suffix and the requirement of the use of the name Arthur A. instead of A. A.

The plaintiff takes a writ of error on the ground that the defendant has no right to use the word "Waterman" at all.

This claim is not based on an *exclusive* use for the ten years preceding February 20, 1905 (see Trade Mark Law of 1905). Such claim is not pleaded nor advanced in any proof or brief. That A. A. Waterman was during that period openly and energetically using the trade name of "A. A. Waterman & Co." is admitted.

There is no question of violating the plaintiff's trade mark "Ideal." Defendant has always admitted the validity of that trade mark. The trifling infringement was inadvertent. It was too trifling to cause the Court to order an accounting.

There is no question of simulation or attempt to deceive by imitating plaintiff's trade name or trade colors. That claim is not in the case and there was no such proof.

The entire question is this: (1) Did A. A. Waterman have a right to use his own name, notwithstanding the fact that L. E. Waterman had previously used his name in connection with the sale of fountain pens, and had sold the use of his name to the plaintiff corporation? (2) Did Mr. Waterman, who was christened Arthur A. Waterman, have an absolute right to use his own name in connection with his own business, notwithstanding the fact that another Mr. Waterman had been christened Lewis E. Waterman and had first started in the business of manufacturing and selling fountain pens? Each Mr. Waterman has assigned the right to use his name, one to the plaintiff *corporation*, the other to his partners, in the defendant *firm*. (3) Did Arthur A. Waterman have the right to convey to his partners the exclusive right to use his name?

(4) Will the Supreme Court of the United States sanction this new departure of the Circuit Court of Appeals, which requires a man, entering into a legitimate business *after* another man of the same name, to annex a suffix to his business name *three times as long as the name itself?*

Had the Court the right to re-christen Mr. Waterman "ARTHUR A. WATERMAN, NOT CONNECTED WITH THE L. E. WATERMAN COMPANY," when he is doing a legitimate business in a legitimate way? The Court conceded that A. A. Waterman had a right to convey to his partners every right in the name that he possessed, so that the rule would be the same if applied to Mr. Waterman personally.

The defendant cares little about the requirement to use the name Arthur A. Waterman instead of A. A. Waterman, as the writer suggested in his

former brief that the full name was more dignified, but the defendant maintains that it has *an absolute right of property* in the name *A. A.* Waterman, and that no court has a right to say that the full given name must be used, or that a suffix of any kind shall be required, as long as the defendant has never by word of mouth or by any advertisement done anything to indicate that the *superior* goods manufactured by the defendant are the same as the *inferior* goods sold by the plaintiff. A long suffix is intolerable, and is wholly unwarranted. The same principle applied to Rogers Bros. (silverware) would require a new Rogers in the field to use twelve suffixes. This application of the rule shows how it might become ridiculous.

It will be remembered that the defendant's business is *not* new; that A. A. Waterman had been *continuously* and openly manufacturing and selling pens since 1895, and that the Chapmans (present members of A. A. Waterman & Co.) put substantially all of the capital ($50,000) into this business in the year 1901, when A. A. Waterman & Co. were the selling agents of Frazer & Geyer Company, which was the manufacturer of the pens. The Chapmans have put substantially all of the capital into the A. A. Waterman enterprises during the last *fourteen years*. By a formal written conveyance, they have all the rights in the name A. A. Waterman & Co. that Mr. Waterman formerly had.

The defendant's business is not only not new, but it has never sought to confuse the public and make it think that it was the plaintiff. Its fountain pens are manufactured under patents of Mr. Waterman and are of the highest possible workmanship, while the plaintiff's pens are old, out of date, "under-the-fingers-joint," that have to be filled with an old-fashioned "filler," and are not substantially different from what they were thirty years ago.

The only question that the United States Supreme

Court will consider seriously is, probably, "Has Mr. A. A. Waterman a right to use his own name in his own business without the use of a suffix?"

L. E. Waterman entered the fountain pen field in 1883. Had he a right to preempt the name "Waterman" and prevent every other Waterman from doing business under his own name, without putting a three-foot tail upon a one-foot kite?

A. A. Waterman was christened "Arthur A. Waterman"; as long as he behaves himself and does business legitimately, has the Court the right to rechristen him "Arthur A. Waterman, not connected with the L. E. Waterman Company"? The name has 15 letters; the suffix has 36.

We wish to emphasize to the Court that the defendant is not a new "fake" enterprise, selling a cheap pen on the strength of the name "Waterman."

We wish it distinctly understood that the "A. A. Waterman" pen is the best pen in the world; manufactured exclusively by them under Mr. A. A. Waterman's patents, and by the aid of patented devices used in the manufacture of fountain pens. Modern science does not know how to make a better pen than the "A. A. Waterman."

A. A. Waterman & Co. actually manufacture their pens and every part of them. This firm and its predecessor concerns (all backed financially by the Chapmans) have manufactured every part of A. A. Waterman pens since 1901—for 13 years—and have spent many thousands of dollars in advertising their "self-filler," which is their specialty.

Mr. Arthur A. Waterman was and is a genius—a genius as an inventor and in the details of manufacture, and a genius as a salesman. Like so many geniuses, he is not a financier. In his peculiar spheres, he is a marvel. He brought 80 per cent of the business to the original enterprise (1901). His customers were scattered from Portland, Me., to Portland, Ore.

On the other hand, L. E. Waterman—long since dead—never was a genius at anything as far as known, except getting into certain troubles, hinted at in 130 N. Y. 301.

Neither L. E. Waterman nor the L. E. Waterman Company *ever did, or ever has manufactured even one fountain pen* (except very recently a cognate corporation in Canada, on account of the tariff). Their principal, and much advertised pen is thirty years old, never was patented in its principal features; is about the poorest high-priced pen on the market; and the plaintiff's business is largely advertising and "bluff."

A fountain pen consists of the holder of rubber and the pen point of gold. The distinctive features of a *fountain* pen relate to the "fountain." *All the rubber parts of the plaintiff's pens are manufactured by H. P. & E. Day* of Connecticut, with whom the plaintiff has no connection even as a stockholder. Plaintiff's gold pen points have been bought in the open market from various makers, including the defendant, except that very recently, plaintiff has manufactured a few pen points itself. It still buys pen points in the open market.

The L. E. Waterman Company merely "assemble" the purchased parts in its so-called factory. Most of this work is done by unskilled girls.

A. A. Waterman & Co. manufacture every part of every one of their pens, and they and their predecessors have done so since before 1900. *Their self-filler is the best pen ever made.* It would be business suicide to claim that their A. A. Waterman "Modern" self-filler was the same as the L. E. Waterman "Ideal," with a joint under the fingers, that has to be unscrewed every time it is filled, and is bound to leak and smear the fingers.

The Whole Law.

1. The plaintiff's claim to the exclusive use of the word "Waterman" either by virtue of Mr. L. E. Waterman having first used it in the sale of fountain pens, or by virtue of the registry of a trade mark, is, at this late day, wholly inexcusable. As Judge Lacombe said in *Thaddeus Davids Co.* v. *Cortlandt I. Davids*, in denying an injunction: "In "view of the decision in the Remington typewriter "(Rem-Sho) case, I do not see how the Court could "enjoin a defendant from the use of their own name "when they do not otherwise label their goods to "produce confusion."

"It is manifest at the outset that the personal "name 'Davids' is not a valid common law trade "mark. It is also clear that its registration would "have given it no validity as a registered trade "mark under the Trade Mark Act of 1881. In *Howe "Scale Co.* v. *Wyckoff, Seamans & Benedict* (198 "U. S. 118, 134) the Supreme Court said: 'But it "'is well settled that a personal name cannot be "'*exclusively* appropriated by any one as against "'others having a right to use it, and as the name "'"Remington" is an ordinary family surname, it "'was manifestly incapable of exclusive appropria- "'tion as a valid trade mark *and its registration as "'such could not in itself give it validity.*'" (*Thaddeus Davids Co.* v. *Cortland I. Davids*, N. Y. Law Journal, May 7, 1910.)

This case is reported in 178 Fed. Rep. 801, & 192 Fed. Rep. 915.

There might be some foundation for the plaintiff's claim to the exclusive use of the word "Waterman" if it could qualify under the Trade Mark Act of 1905, but the plaintiff makes no claim under that act, nor to having had the exclusive use of the word "Waterman" as a trade name during the ten years

preceding 1905. The decree of September 3, 1898, in *L. E. Waterman Company* v. *Arthur A. Waterman and Gibson*, in the Supreme Court, New York County, alone would negative that fact. Proof of Mr. A. A. Waterman's continuous use of his name in trade from 1895 until long after the beginning of this action, is undisputed.

The plaintiff's claim rests upon the bare fact that L. E. Waterman was first in the field to use the name "Waterman" in connection with the sale of fountain pens, and the plaintiff's position is wholly untenable.

An excellent brief on this subject is *Brown Chemical Co.* v. *Meyer*, 139 U. S. 540.

2. A trade mark or trade name is assignable.

Mr. Arthur A. Waterman had just as much right to sell his trade mark or his trade name as he had to sell his horse. Both are property. Or he had as much right to assign his trade name to his continuing partners as L. E. Waterman had to assign his trade name to the plaintiff corporation.

In *Burton* v. *Stratton*, 12 Fed. Rep. 696 * * * Brown, *J.*, said that "the cases were numerous in "which it had been held that a *party may lawfully "sell*, not only a trade mark indicative of origin in "himself, but even *the right to use his own name*, "in connection with a particular business." (From note to *Selchow* v. *Baker*, 93 N. Y. 60, book 19, of Brown & Cook's 5-vol. edition, Court of Appeals reports.)

"Where, however, the proper name has been so "used as to lose its personal nature, and has become "only a designation of a particular establishment, "character of goods, or business, *it may be assigned* "in connection with an assignment of the establish- "ment, the right to make the particular character "of goods, or the business, and a contract, *express*

"*or implied*, upon the part of the assignor not to "use such name, *even though his own name* upon a "similar article or in a similar business is valid "and will be enforced." (Book 19, Am. & Eng. Enc. of Law, Title Trade Marks, p. 401.)

Mr. A. A. Waterman's assignment to his partners is as follows (fol. 5006):

"VIII. Arthur A. Waterman hereby *grants* to "this said firm of A. A. Waterman & Co. *the right* "*to use the name* of A. A. Waterman & Co., in con- "nection with the manufacture and sale of foun- "tain and other pens and articles *perpetually and* "*exclusively*, except as hereinafter reserved to said "Waterman to make use of said firm name, and "hereby *conveys* to said firm all the *good will* now "existing and attaching to the name of A. A. Water- "man and A. A. Waterman & Co.; this *grant* shall "not be modified or diminished by said Waterman "ceasing to have an interest in this said firm under "the terms of this agreement, or by his death or "otherwise."

3. The defendant had the right to use the trade name A. A. Waterman & Co. by virtue of the common law, the statutes and the decree of the Supreme Court, New York County:

"BUT *the defendants are not prohibited* from "indicating that fountain pens made by them are "made or prepared or sold for or by Arthur A. "Waterman & Co. or A. A. Waterman & Co." (From the decree of September 3, 1898, *L. E. Waterman* v. *Arthur A. Waterman & ano.*, which decree was not appealed from, but acquiesced in by plaintiff, fols. 4828-9.)

4. Even if the defendants (Isaac E. and William L. Chapman: A. A. Waterman & Co.) had never seen Mr. A. A. Waterman before June 12, 1905.

they had a perfect right under the law to have purchased from him all of his right, title and interest in and to the firm of A. A. Waterman & Co., including its assets, good will, trade marks and trade name. The cases are numerous where such purchases have been upheld. The only thing necessary is that Mr. Waterman should have been actually doing a *bona fide* business under his own name, and the proof is undisputed that from before 1895 until June 12, 1905 (the date of Exhibit A-13, p. 1668), there never was a day when A. A. Waterman was not openly manufacturing, selling and advertising his fountain pens under his own name.

However, when in 1901, A. A. Waterman, the salesman, combined forces with Frazer and Geyer, the manufacturers, and A. A. Waterman produced 80 per cent of the business of the new combination, thereby multiplying the former manufacturing business of Frazer and Geyer by five, it was the Chapmans' money (1901) which made this combination possible, and the Chapmans have been the principal parties interested in the enterprise of A. A. Waterman & Co. since 1901. The *bona fides* of their connection with the enterprise cannot be disputed. They put in the *real money* and have it in the enterprise still.

It was A. A. Waterman who became dissatisfied with his various contracts of the year 1901 that tied him up for 40 years; and he it was that wished to go into business for himself in the Western territory, and it was that fact that inspired the agreement of February, 1905, between A. A. Waterman and the Frazer & Geyer Company. That contract was practically the same as the contracts of June 12, 1905, when, on the reorganization, the Modern Pen Company took the place of the Frazer & Geyer Company (see temporary agreement of May 27, 1905, p. 1666). The whole transaction arose from

the desire of Mr. Waterman to go into business for himself in the West.

The partnership agreement of June 12, 1905, was no mere trick or pretense for an assignment of the trade name. The insolvency and incompetency of Mr. Frazer required a reorganization and a new management. The business had lost money after 1903. The Chapmans' investment had been in the business for years, and the new partnership agreement was modeled after former—similar—agreements. The trade name of A. A. Waterman & Co. had been in use for more than 7 years before 1905.

Besides, it will be noted that, in the cases sustaining the assignability of trade names in nearly every case the assignment was made to a stranger, and only in a few to continuing partners. If the sale had been made to total strangers, not to backers for four years, it would have been perfectly good.

5. CONFUSION:

There is undoubtedly some slight confusion owing to the similarity of names. We do not think "L. E. "Waterman Company" is so nearly like "A. A. "Waterman & Co." that an intelligent man would be deceived. This inevitable confusion is increased by the improper business methods of the plaintiff, and is decreased by the universally polite business methods of the defendant. This confusion is nothing compared to the confusion arising from the name of the twelve firms of Rogers in the silverware business.

As the Court of Appeals said in the *Meneely* case, 62 N. Y. at p. 432: "Where the only confusion "created is that which results from the similarity "of the names, the Court will not interfere." And the law applicable to this case is well stated in

Carr Adv. Co. v. *New York City Adv. Co.*, 107 N. Y. Supp. 546; 141 N. E. Rep., where the Court said:

"It is plain that there has been in the past, and "doubtless there will continue to be in the future, "more or less of *confusion* and of mistakes made, "*such as in sending mail, telegrams and telephone* "*messages to the two companies.* But this ought "not to be held due to the act of the defendant, but "rather to the act of the plaintiff, which adopted "a *generic* and descriptive term for its *corporate* "*name* without adding any distinguishing word "whatever. *There is no evidence to show that the* "*defendant has done anything to encourage or in-* "*crease such mistakes on the part of the customers* "*of the two companies.* * * * So far as incon- "venience to the public is concerned, a remark made "by the Court of Appeals in *Hygeia Water Ice Co.* "v. *N. Y. Hygeia Ice Co., Lim.*, 140 N. Y. 94; 35 "N. E. 417, is in point, which was to the effect that "courts of equity must in cases like this *assume that* "*the public will use reasonable intelligence and dis-* "*crimination with reference to names of corpora-* "*tions with which they are dealing or intend to* "*deal, the same as in the case of individuals bear-* "*ing the same or similar names.*"

The Court will of course distinguish between a new business organizing a *corporation* where it picks out its own name, as the plaintiff did, and that of either a new or old business taking a *firm* name from a member of the firm, and who did not select his own name. The law is wholly different, and most of the cases heretofore cited by the plaintiff related to new corporations, not new or old firms.

6. LACHES AND ACQUIESCENCE.

Why has the plaintiff remained quiet between the decree of September 3, 1898, and the unethical

Cleveland litigation in 1909? Mr. A. A. Waterman was confessedly doing business openly, notoriously and aggressively under his own name.

The defendant has, for years, developed a large business, relying upon the decree of September 3, 1898. That decree is both *res adjudicata* and *stare decisis*.

Why, during 1906, 1907 and 1908, did the plaintiff try to buy out the trade name of A. A. Waterman & Co., and offer $10,000 for the trade name alone.

This *laches* and acquiescence have never been explained.

7. UNFAIR COMPETITION.

If the defendant has the right to use the trade name A. A. Waterman & Co., there is no unfair competition, for the complaint and the record will be searched in vain for a suggestion that the trade name A. A. Waterman & Co. was used otherwise than in a straight legitimate way. There is no allegation of fact that shows that the defendant ever used its trade name in such a way as to resemble any particular method employed by the plaintiffs in advertising or otherwise.

The only allegation of unfair competition is the mere fact of using the defendant's own trade name. Even the attempt to prove that some salesman, somewhere, had said he represented "Waterman "pens" failed utterly.

8. CONSIDERATION.

The consideration of the bill of sale (Exhibit A-13, p. 1668), cannot be attacked by a stranger. Besides, it was more than adequate. Mr. Waterman has never complained of it. However, Mr.

Waterman had a right to give away his property if he wished to. Moreover, the new contracts of 1905, first (February), with Frazer & Geyer, and later (June), with the Chapmans, was his own seeking. It was he who wanted the United States divided into two districts, that he might have the Western District as his own.

9. SUFFIX.

This is, we take it, the only original proposition that the United States Supreme Court will have to determine. All other matters have been settled by many decided cases. Never before has any man or firm been required to use a suffix of this character, so far as we can determine. We cannot, therefore, refer to reported cases.

The suffix is not only unprecedented in law, but it is offensive and inartistic, as is evidenced by mere inspection:

A. A. WATERMAN & CO.
NOT CONNECTED WITH THE L. E. WATERMAN COMPANY.

To make the argument more impressive, let us assume that John Doe Rogers should start a New York business in the manufacture of silver-ware, and that he should be sued in succession by each one of the Rogers firms, of whom we think there are now twelve. There may be more. His ultimate condition would be something like the following:

JOHN DOE ROGERS,
NOT CONNECTED WITH THE J. ROGERS SILVER PLATE COMPANY,
NOT CONNECTED WITH THE ROGERS SILVER PLATE COMPANY,

NOT CONNECTED WITH THE SIMEON L. & GEO. H. ROGERS COMPANY,
NOT CONNECTED WITH THE WM. ROGERS MFG. COMPANY,
NOT CONNECTED WITH WM. A. ROGERS, LTD.
NOT CONNECTED WITH ROGERS & BRO.
NOT CONNECTED WITH ROGERS BROS.
NOT CONNECTED WITH ROGERS & HAMILTON COMPANY.
NOT CONNECTED WITH ROGERS, SMITH & COMPANY,
NOT CONNECTED WITH WM. A. ROGERS, NIAGARA FALLS,
NOT CONNECTED WITH W. A. ROGERS, NORTHAMPTON, MASS.,
NOT CONNECTED WITH THE BIGGINS-ROGERS COMPANY.

The Modern Pen Company (A. A. Waterman & Co.) have exactly the same rights that Mr. A. A. Waterman, the individual, has in the use of the name A. A. Waterman. The controversy resolves itself to this: Has Mr. A. A. Waterman a property right in the name that his parents gave him? He was christened Arthur A. Waterman. He had an absolute right to use the initials A. A. Waterman in business. He has done nothing wrong. The law permits him to do business under his own name, no matter how many Watermans have entered the field before him. Mr. A. A. Waterman had nothing to do with what his name should be. His parents named him. The plaintiff corporation chose its own name. Had Mr. L. E. Waterman christened his business child "The Ideal Pen Co." (130 N. Y. 301), there would have been no complications with a family name.

If there has been slight confusion, it was not his

fault. Has the Court a right to re-christen Mr. Waterman and say henceforth, "Whenever you do "business with fountain pens, your name must be "'A. A. Waterman-not-connected-with-the-L. E. "'Waterman-Company'?"

From an artistic standpoint, the re-christened name is certainly not desirable. From a business standpoint, it is offensive to both sides.

Suppose, for instance, A. A. Waterman & Co. should wish to advertise on a barn along a railway. They might put A. A. Waterman & Co. on an ordinary sized barn in letters large enough to be seen from the car windows, but they would have to have a whole flock of barns to contain both the name and the suffix.

We are not prepared to say that very many people who see the advertisement of this suffix will not think that it was voluntary and that the defendant uses it merely to call attention to the fact that the superior "self-filler" Modern is not in any way connected with the inferior "end joint" Ideal.

At best, the plaintiff has no rights except the bare fact that L. E. Waterman was first in the field. That fact could not change Mr. A. A. Waterman's father's name, and should not require him to advertise an adversary's business by an offensive suffix.

The Various Opinions and Decrees.

This action was begun with a motion for a preliminary injunction based on voluminous affidavits. Judge Coxe denied the motion. Later, having discovered from an examination of Mr. Saadi, in Washington, that he had obtained a few cheap pens from the defendant stamped "Royal Ideal" (on the holders), the plaintiff served an amended complaint (p. 18), alleging an infringement of that trade mark (registered twice in 1900), although

in open court and in a preceding brief, the defendants had admitted the validity of that trade mark. The infringement was trifling and inadvertent, and no accounting has ever been directed. Only about one gross were sold to the public.

However, this amended complaint was made the basis of another motion for a preliminary injunction before Judge Hough, who granted the motion with a memorandum found at page 1108.

Judge Hough's Opinion.

Although the moving papers were substantially like those that were presented to Judge Coxe, excepting in relation to the trifling infringement of the trade mark "Ideal," Judge Hough's decision was exactly the opposite of Judge Coxe's, and his memorandum is substantially wrong in every particular, and has not been sustained by the higher courts. He states (p. 1109):

"Whatever may be thought of the right of some "parties to make and sell fountain pens described "as these of A. A. Waterman, the admitted facts [?] "show an endeavor to sell defendant's goods on "complainant's reputation—and this branch of the "motion is granted."

[This statement is wholly wrong.]

He states at folio 3326: "I find no proof of use "by defendant of the exact trade mark 'Water-"'man's.' There is clear proof of misuse of the "word 'Ideal,' and injunction may issue accord-"ingly."

Commenting upon the attempt to restrain the use of the trade name "A. A. Waterman & Co." (fol. 3327), he states (fol. 3328): "On this point, "from the undisputed facts, I think that, while "*Arthur A. Waterman* may have the right to use "some or all of the trade names so objectoinable to

"complainants,—*the Modern Pen Company* has no "such right. Mr. Arthur A. Waterman is not in- "terested in the defendant, nor in the concern for "which it is the selling agent." [Where Judge Hough got the idea that Mr. Waterman could not assign the use of his name, we cannot understand, and from what fact he assumed that this trade name "does not, in defendant's hands, accompany "any business," we cannot comprehend. Besides, Mr. Waterman was a stockholder and director in the Modern Pen Company.]

Judge Hough's sweeping injunction was reversed by the Circuit Court of Appeals in an opinion found at page 1114.

First Opinion of Circuit Court of Appeals.

This opinion sets forth the New York State decree of September 3, 1898 (fol. 3343), and states:

"Subsequent to this decision, the name A. A. "Waterman & Company was used by successive "partnerships of which said Waterman was a mem- "ber. The business was not successful, and in 1905 "a reorganization took place and an agreement was "entered into whereby in effect said Waterman "assigned to Isaac E. and William L. Chapman, who "had been previously interested with him in the "business, the right to use in connection therewith "the name 'A. A. Waterman & Co.'

"The defendant was shown to have sold a limited "number of fountain pens marked 'Royal Ideal "'Pen.' The evidence also tended to show some use "of the word 'Waterman' in connection with the "sale of the goods of the firm A. A. Waterman & "Company without the distinguishing initials." [This quotation is correct, except the statement that the evidence tended to show some use of the

word "Waterman" in connection with the sale of the defendant's goods. No such evidence can be found in the affidavits or in the present proof.] Judge Noyes says:

"The complainant's trade mark 'Ideal' is con-"ceded to be valid. The defendant infringed it by "the sale of the pens marked 'Royal Ideal Pen.' "Consequently the second paragraph of the injunc-"tion order was proper.

"Assuming that the present co-partnership of "A. A. Waterman & Company has the right under "the agreement with Arthur A. Waterman to use "that firm name, they have no right to use the name "'Waterman' without the initials. The use of the "name which they may have the right to employ "concededly causes confusion, and they have no "right to increase that confusion by employing any "name less definite.

"The defendant disclaims the use of the name "'Waterman' alone. If so, an injunction against "such use will do it no harm. But, as already "stated, we think there was sufficient evidence of "such use to warrant the first paragraph of the "injunction.

"The third paragraph of the injunction order is, "in our opinion, erroneous. It is clear that the "partnerships of which Arthur A. Waterman was "a member, had the right to use the name A. A. "Waterman & Co., in connection with their business "and to so mark their pens. *The decision of the "Supreme Court of the State of New York* (Septem-"ber 3d), *in which all parties acquiesced for many "years, was in accordance with principles now well "established by decisions of the Supreme Court of "the United States.*

"Similarly, said Waterman had the right to "transfer to his former partners in connection with

"the reorganization of the business, the right to "continue the use of his name. It is true that it "became their duty, as it had been the duty of the "previous co-partnerships, to do no act to increase "the confusion necessarily arising from the use of "a name similar to that of the complainant. *But "we find nothing in the record showing any such "acts* except those which we have seen to be cov- "ered by the first two paragraphs of the injunc- "tion.

"There is *insufficient basis* presented for the con- "tention that the agreement granting the right to "use the name 'A. A. Waterman & Co.' to the present "firm was a mere sham and fraudulent device, not "connected with the reorganization and sale of the "business."

The decree found at page 1118 restrained the use of the word "Waterman" alone, and the use of the word "Ideal."

The plaintiff printed and circulated broadcast a *part* of this decree, found at pages 1120 and 1121, omitting the part of the decree found at pages 1118 and 1119, and thereby gave the trade a very erroneous impression of the exact findings of the Court.

While this decree was offensive to the defendant, it was willing to carry out what it understood to be the agreement and make this decree the final decree in the action, and written statements to that effect were filed three times, but they were ignored by the plaintiff, which, however, wrote one letter stating that they would be willing to make Judge Hough's order the final decree. This was, of course, merely adding insult to injury (see fol. 3365).

After six months expended in the taking of testimony in various States, and in Canada, on the part of the plaintiff and twenty-four days in the City of New York by the defendant, the case was pre-

sented by Judge Hand, and after the presentation, permission was granted to introduce the Italian decree.

Judge Hand's Opinion (p. 1861).

The opinion is somewhat long. He says, in part: "The Circuit Court of Appeals has decided that "there should be no absolute injunction against the "name 'A. A. Waterman and Company,' on the "showing made. It is not, therefore, necessary to "consider the question whether, under any circum-"stances, the Court should altogether forbid a man "from using his surname in a given business, and "whether there may be cases where no accompany-"ing phrase can prevent the result that the busi-"ness of the first in the field will suffer by the "competition of the second. *Certainly the general "rule is that such damage as so arises the victim "must bear as an incident of competition.* Fur-"ther, the decision upon the preliminary injunction "determined that upon the proof there presented "the agreement of June 12, 1905, upon which the "defendant depends *was not a mere sham, but was "a reasonable part of the reorganization of the "business of Frazer and Geyer Company*, and it also "determined that the old corporation of Frazer and Geyer Company had Waterman's right to use his "name in the business. The testimony upon the final "hearing is *conceded* to be *substantially like* that "in the affidavits with two exceptions, first, the "decree of the Italian court in the suit of this "complainant against the Chapmans and Cabrini, "and, second, the testimony of the assignment to "Rhodes Lockwood of Waterman's business on "February 1, 1899."

He then takes up the Italian decree and lays it aside (p. 1863). He then takes up the Rhodes

Lockwood affair, which was some testimony that came in at the close of the plaintiff's case in relation to an alleged assignment by Waterman to Lockwood, who was really the Sterling Pen Company, which merely took over some of the old stock of Waterman and Gibson, already marked A. A. Waterman & Co., and sold it. The defendant had never before heard of this matter, and the testimony in relaton to it was wholly hearsay and immaterial at best. Judge Hand lays this incident aside also (p. 1866). The truth of the Lockwood affair is found in the three circulars found at pp. 578, 579, 580.

Judge Hand then shows his entire misconception of the evidence in the following paragraph, substantially every part of which is erroneous:

"In the case at bar, it does not seem to me to be "open to any doubt that the whole purchase of "Waterman's business and the preservation of the "firm name had for its only motive the expectation "that the Frazer and Geyer Company could by the "resulting confusion pass off its goods under the "cover of the complainant's reputation [no]. My "reasons for this are first Waterman's own very "frank statement that throughout his connection "with the enterprise the only serious inducement "he could offer was the use of his name [no]. In- "deed, no other reason is suggested which could "serve as any inducement to coalition with a man "in Waterman's position at that time, one who had "failed within two years [no], and since his as- "signment to meet his debts, had been doing a small "business in a town [Boston] two hundred and fifty "miles away, which came into no competition with "the Frazer and Geyer Company and brought noth- "ing to its business [80 per cent of all of the busi- "ness of the new firm; Mr. Waterman traveled from "ocean to ocean selling his pens]. Again, the ob-

"viously colorable character of all the contracts "with Waterman showed that they valued him "chiefly for the right they got to use his name. At "no time had he any substantial powers as a part- "ner [no], and after December 12, 1901, he had no "rights to any profits or anything more than a "salesman's salary or a salesman's commissions "[no]. The elaborate efforts to keep up the formal "appearance of a real firm with actual business con- "nections with the real enterprise show that the "parties thought that they could not avow what "was their real intention and the same efforts em- "phasize what that real intention was; especially "is this true when one contrasts the formal rela- "tions with the fact that neither firm ever did any- "thing actually but keep a spurious existence upon "its books [no; no such proof or suggestion by any- "body]. Surely, the chief inducement to combine "with Waterman was to get the use of his name "[he multiplied Frazer & Geyer Company's busi- "ness by five]. However, I do not think that this "is in the last degree relevant to the rights which "the Frazer & Geyer Company got by the transfer, "for the question is of the effect of the competition, "not its purpose or motive. Whatever part motive "may play and may be destined to play, in the law "of torts, I know of no instance in which the le- "gality of an act depends upon the actor's motives "where those motives include his hope of personal "gain. Motive has a just share in determining "whether a man is in fact pursuing his genuine "interests and whether he is therefore acting on "his 'rights,' but when each party is obviously "trying to increase his property, his estate, his 'uni- "'versitas,' the mutual limitations of activity be- "tween them do not depend upon the motive, so "far as I know, but upon the means they use to "effect their intentions and the results that ensue.

"Once it be conceded here that Waterman might, "in ignorance of the complainant's business, have "started a business under the name of 'A. A. Water- "'man & Company,' and learning the facts have "developed it as he could, I think his rights are not "different because he knew from the outset that a "part of his profits, if successful would be at the "complainant's expense, and through confusion "with the complainant's wares, as I have no doubt "he did think. If his only motive were to damage "the complainants the result might be quite dif- "ferent, so also if his only motive were to sell out "as a blackmailer. Moreover, if the defendant and "its predecessors could have bought innocently, "they could have bought with a deliberate purpose "of profiting at the complainant's expense. Such "consequences are involved in the right to use the "name and *sell the business with the name.*"

[This shows how strangely single Judges may misconceive evidence. Where Judge Hand got the idea that the only "inducement" for the combination between Waterman and Frazer and Geyer Company in 1901 was to get the use of Waterman's name, is a query. The Frazer & Geyer Company had been actually manufacturing all parts of pens for some years—they were not mere assemblers of parts, like the plaintiff. A. A. Waterman had been in business for some years under his own name. Under the new combination, the Frazer & Geyer Company continued to be the manufacturers and A. A. Waterman & Co. (Waterman, Frazer and Geyer) were the sole selling agents. Mr. Waterman brought 80 per cent of the business to the new combination. That is, Frazer & Geyer Company multiplied their output by 5. Mr. Waterman is a remarkable salesman, besides being an inventor, and of excellent judgment in relation to the details of manufacture. Where Judge Hand got the idea

that Waterman had failed, we do not know. There was nothing of the kind in the evidence. They had not made money, and had before that been backed by Lockwood (Sterling pen people), but they paid all their obligations by turning over their stock of goods and there is no suggestion that they were ever insolvent.

[We have heard New Yorkers speak of Philadelphia as one of New York's most attractive suburbs, but we never before have heard of Boston as "a *town* 250 miles away" (top p. 1867). The proof of the pudding is the eating, and the evidence is undisputed that the new combination made money, from 20 to 50 per cent per annum of the capital actually invested. They did this for several years, and that fact induced the Chapmans to keep putting in more money. It only ceased to make money when Mr. Geyer and Mr. Waterman were really eliminated from the financial end of the enterprise and Mr. Frazer given complete control through a foolish pooling arrangement. Mr. Frazer was a decided failure, and in order to get rid of him—owning almost no stock—it was necessary to make the reorganization of 1905, which resulted in the partnership agreement, Exhibit A-13 (p. 1668), which now forms the foundation of the defendant's right to the use of the trade name A. A. Waterman & Co.]

Judge Hand's misconception of the facts evidently led to his invention of a very objectionable suffix. Judge Hand then argues that the defendants ought to distinguish themselves from the plaintiffs more emphatically than by the use of their own name, and he directed the following:

A. A. WATERMAN & CO.
NOT CONNECTED WITH THE ORIGINAL "WATERMAN PEN."

At the top of page 1869, he cites authorities for this remarkable suffix, no one of which has a bearing on this case.

At the bottom of page 1869 he says that the public means by the "Waterman pen" the complainant's pen. He states: "The public means by the Water-"man pen the complainant's pen. Indeed, so the "defendant concedes [no] being punctilious to avoid "that name without its prefix."

This is not true. The only reason the defendant was so punctilious always to use the full name A. A. Waterman & Co. was because, as they claimed, nobody had the right to use the name Waterman without an appropriate prefix of initials.

Judge Hand has the honor of having discovered such a suffix as applied to trade names, and very much to our surprise, the Circuit Court of Appeals, notwithstanding their previous decision, on practically the same evidence, sustained Judge Hand's discovery, but modified it.

The plaintiff did not appeal from Judge Hand's decree.

Second Opinion of the Circuit Court of Appeals.

The Court states, per Curiam:

"In our opinion, the testimony upon the final "hearing was not substantially different from that "presented by the affidavits which were before us "in the former record. The most important ad-"ditions to that record consist of the Italian decree "and the testimony concerning the Lockwood trans-"actions, but we agree with the conclusions of the "District Judge that those items do not materially "change the situation.

"The case before us, then, is practically the case

"which came up before and we are not convinced "that our conclusions reached at that time were "erroneous, or that the final relief granted should "vary from the preliminary relief which we then "regarded as proper except in one particular."

Then the Court refers to Judge Hand's suffix: "We think that the suffix required in the decree "appealed from tends to characterize the defend- "ant's product as *inferior* to that of the complain- "ant and is unduly prejudicial to it. The defend- "ant should, however, distinguish its goods from "those of the complainant, and, in our opinion "should do so by employing after the name 'A. A. "'Waterman & Co.' or 'A. A. Waterman,' the words "'Not connected with the L. E. Waterman Co.' "This notice should be sufficient to put the public "upon inquiry. We think it all that the facts or "the case require, but it is the very least they do "require."

The plaintiff was not satisfied with the second decision of the Circuit Court of Appeals, and filed a printed brief on a motion for a re-hearing.

Plaintiff desired especially a change in the suffix, so that it should be "L. E. Waterman Company" and not "L. E. Waterman Co.," stating also: "The "defendant itself offered to use the full name Arthur A. Waterman & Co. instead of the initials only, if "the Court should so suggest."

The brief states: "In other words, the complain- "ant has always marked its pens with its trade "names and trade marks only, and not with its "corporate name. The decision of this Court now "authorizes the defendant to put complainant's "name on fountain pens (something never done "before), that is, put complainant's name on de- "fendant's pens without sufficiently distinguishing "words to differentiate defendant's pens from com- "plainant's pens. Such marking will only increase

"the existing widespread confusion and substitu-
"tion. * * * In this connection, the Court is
"respectfully asked to consider the situation, if the
"complainant should sell its business, good will,
"trade marks and trade names to a concern whose
"name was entirely different from 'L. E. Waterman
" 'Company,' the total inappropriateness and insuf-
"ficiency of the suffix ordered by this Court becomes
"strikingly apparent."

The complainant apparently objected to the defendant advertising the complainant's pen every time the suffix is used, and wished the suffix changed so as to advertise the plaintiff more effectively as the "original" Waterman. We have no doubt that the Court is wholly in error in adding the suffix at all. It has no right to make one man advertise another man's business.

We believe that the defendant has an absolute property right in the name "A. A. Waterman" which no court has a right to take away, directly or indirectly. Notwithstanding this absolute property right, the writer still thinks that "Arthur A. "Waterman" is more dignified and the defendant will probably use it whether the court requires it or not.

This brief on reargument suggests a transfer of the name of Waterman from the L. E. Waterman Company to some stranger. This is an admission of the correctness of the defendant's position. If the complainant can transfer its trade name, Mr. A. A. Waterman could also, and nobody suggests that by merely entering a field earlier than another, he could prevent a second man from using his own name in business.

The Court rendered the following opinion, on this *ex parte* application for a re-hearing:

"In addition to the modifications of the decree
"appealed from stated in the opinion, the order for

"the mandate may require the defendant to use the "name '*Arthur* A. Waterman & Co.' instead of 'A. "'A. Waterman & Co.'

"If, as stated in its petition, complainant feels "that the required suffix 'will only increase the "'existing widespread confusion and substitution,' "the order for the mandate will, at its option, con- "tain no provision for a suffix.

"The petition for a re-hearing is denied."

After the rendition of the second opinion by the Circuit Court of Appeals, there appeared the case of *Walter Baker & Co., Ltd.*, v. *Gray, et al.*, Circuit Court of Appeals, 8th Circuit, January 24, 1911, 192 Fed. Rep. 921, which is on all fours with the case at issue. It is an admirable brief, and we ask the Court kindly to read that opinion as the last word on this subject of which we have any knowledge. It sustains every position ever taken by the defendant in this litigation. The head-note is as follows:

"1. Trade marks and Trade names (Sec. 73) "UNFAIR COMPETITION—RIGHT TO USE "SURNAME.

"One has no exclusive right to use his surname in "doing business as against another of the same "name, but, to avoid confusion or deception in the "public mind, equity will enjoin use of a name "where another has previously appropriated it in "business, unless some addition or explanation ac- "companies the subsequent use, clearly distinguish- "ing the new business from the old.

"2. The right to use one's own name as descrip- "tive of his goods cannot be taken from him, under "the doctrine of unfair trade, merely because such "use would incidentally injure a predecessor in "business of the same name.

"3. A dealer who has conformed to the law gov-
"erning unfair competition in trade is not required
"to affirmatively advise an inquirer for his goods,
"designating them by his name, that a competitor
"of the same name is in business, or warn his in-
"quirer of danger of being deceived by patronizing
"him.

"4. A grocer is not guilty of unfair competition
"in delivering to customers 'William H. Baker's
" 'Chocolate' in response to an order for 'Baker's
" 'Chocolate,' though for many years the latter name
"exclusively signified the product of Walter Baker
"& Co., a pioneer manufacturer, where the labels
"of the rival packages are strikingly dissimilar."

"William H. Baker, Syracuse, Inc.," was held to be sufficiently different from Walter Baker & Co., even though the defendant was a corporation, not a firm, and the plaintiff had had an established business extending back into the 18th century.

Following the precedent of this latest Baker case, the plaintiff has ample protection in the defendant using, as it has *always* done, its firm name of "A. A. "Waterman & Co."

We think that we have presented above everything that the Court will need to understand and decide the issues presented.

In view of the gravity of the issues at stake, we will add hereto more extended statements, largely as they appeared in the brief at the Circuit Court of Appeals. If the United States Supreme Court wishes to examine into the matter further, they may read on, but the remaining matter is largely supplemental to what has preceded.

New York, March 31, 1914.

SUPPLEMENTAL BRIEF.

Bona Fides of the Present Firm of A. A. Waterman & Co.

The *bona fides* of the firm of A. A. Waterman & Co. has not been questioned by any court in America, but in Italy where Mr. F. D. Waterman swore positively that there was no such firm in existence as A. A. Waterman & Co. (folios 5151, 5153), that question has been seriously at issue, especially as a few garbled sentences from Mr. A. A. Waterman's testimony in this case have been used there, with effect.

The history of Mr. A. A. Waterman's connection with the pen business is as follows:

Before 1895, he was a salesman with the L. E. Waterman Company, being, however, in no way related to Mr. L. E. Waterman. He left their employ and started in to manufacture and sell pens for himself in connection with Mr. Gibson, under the corporate name of the A. A. Waterman Pen Company, although they were a firm. They "manufactured" pens just as the plaintiff does: they bought the rubber holders from one party and the pen points from others, and merely assembled them.

In 1898, L. E. Waterman Company sued the A. A. Waterman Pen Company, and obtained the decree of September 3, 1898, which prevented them from using the *corporate* name of A. A. Waterman Pen Company, but expressly permitted them to do business under the *firm* name of A. A. Waterman & Co.

In 1899, A. A. Waterman & Co. dissolved. Mr. Lockwood had been selling them pen holders, and he took over some of their stock in payment of the debt due. During a part of 1899, and during 1900,

Mr. Waterman manufactured and sold pens under the name of "A. A. Waterman & Co., Boston," and issued a circular (set forth at page 579), explaining the dissolution and the new arrangement. (See important circulars at pp. 578, 579, 580. They tell the true story of this little known period.)

Frazer & Geyer Company.

Frazer and Geyer first went into the manufacture of pens as a firm. They manufactured the holders and bought the pen points, but as early as 1898, they formed the Frazer & Geyer Company, and manufactured the whole pen. They and their succesors have manufactured the whole pen from that day until this.

They sold their complete pens to Mr. A. A. Waterman up to November, 1899. He then organized a new firm of A. A. Waterman & Co., which manufactured (assembled) pens, and had the Colonial Pen Company as their selling agent. This combination was not wholly satisfactory, and in January, 1901, Mr. A. A. Waterman formed still another firm of A. A. Waterman & Co., composed of himself, Mr. Frazer and Mr. Geyer, who were to be the selling agents, while the Frazer & Geyer Company did the manufacturing. The new combination was very successful until about 1903, when, under the unsuccessful management of Mr. Frazer, they began to lose money.

Mr. Waterman was a remarkable salesman and inventor. The new combination between him and Frazer and Geyer Company was very successful for several years. New capital was needed, and the Chapmans put in about $50,000 in 1901.

During 1901, they entered into four different contracts, the result of which was a combination that tied up Mr. Waterman for forty years. They

were unusually successful until 1903, when Mr. Frazer began to demonstrate that he was a poor manager, and they began to lose money. When the losses began, Mr. Waterman began to fret under the yoke of forty-year contracts with the new combination, and *at his request*, in February, 1905, new contracts were made, between Frazer, Geyer and Waterman on the one side and the Frazer & Geyer Company on the other, which looked forward to letting Mr. Waterman out of his forty-year contract. The substance of this contract was that the United States was divided into the Eastern and Western Districts, and that on July 1, 1906, Mr. Waterman should be permitted to take the Western District, leaving the Eastern District exclusively to his co-partners.

After this contract was entered into in February, 1905, the friction between the Chapmans and Mr. Frazer became acute, as hereinafter set forth. Thereupon the new contract of June 12, 1905 (wherein is found the assignment on which this defendant relies) was entered into. This agreement between Waterman and the Chapmans is not substantially different from the agreement of February, 1905, between Waterman, Frazer and Geyer.

The evidence is undisputed that in 1901 Mr. Waterman brought experience, brains and a list of customers into the new combination that was very valuable. He sold 80 or 90 per cent of the goods manufactured by Frazer & Geyer Company, and the dividends were from 20 to 50 per cent for two years. He traveled from ocean to ocean, and "made good" in every direction.

Under the reported cases, and especially the *Tussaud* case in London, which was the foundation of the present law permitting the assignment of a trade name, it probably makes no difference, whether the transaction was made for the express

purpose of obtaining the use of the name or not. This was exactly what Mme. Tussaud's nephew did. Young Tussaud was at first an *employe* of a company bearing that name. The court enjoined the use of the name. He thereupon entered into a partnership, with his own name in the partnership title, and the court refused to enjoin the use of the name.

However, lack of good faith does not enter into this controversy, for the present partners of A. A. Waterman & Co. (the Messrs. Chapman) have been the principal financial backers of the enterprise since its foundation in 1901. The history of the partnership is best indicated by the exhibits. Human memories are frail and easily warped, but writings do not forget.

The partnership of William G. Frazer & Co. (Frazer and Geyer) was started in the year 1897 (fol. 3739). In 1899, they incorporated under the laws of New York as the Frazer & Geyer Company; capital stock $20,000 (fol. 3739). On January 9, 1901 (Exhibit A-4, page 1635), the firm of A. A. Waterman & Co. (Waterman, Frazer and Geyer) was organized, and the Frazer & Geyer Company increased its capital stock to $60,000, the next month. In 1902 it was increased to $300,000, of which $135,000 was actually issued by 1903 or 1904 (page 1247).

At first, William G. Frazer & Co. made the holders and "assembled" pens, by buying the pen points. In May, 1898, they began to manufacture their own pen points, and from that day to this the enterprise has never in any instance sold any pens except those whereof *every* part was manufactured by themselves (fol. 3740).

The Frazer & Geyer Company began to sell pens to an A. A. Waterman & Co., in November, 1899. He was a remarkable salesman and inventor (fol.

4679), although a poor financier, and when the combination was made with him in 1901, their profits were very much increased. He sold about 80 per cent of their product (fol. 3744), and they had large profits, even to 50 per cent on common stock as indicated at folio 3746, besides 10 per cent on the preferred (fol. 3745).

Mr. Isaac E. Chapman bought stock in the Frazer & Geyer Company a few weeks after the partnership with Waterman was formed, and while the dividends were very high (fol. 3749). They soon had about 70 per cent of the stock (fol. 3753).

The first partnership agreement of January 9, 1901 (Exhibit A-4, p. 1635) states at folio 4906 that:

> "The said Arthur A. Waterman shall con-
> "tribute all his time, energy and experience
> "to the business of said firm and also all the
> "tools, dies, records, designs and other ar-
> "ticles and assets belonging to said Arthur
> "A. Waterman and *recently* in use in the
> "business of a *former* firm of A. A. Water-
> "man & Co., together with the use of all pat-
> "ents now owned by him for fountain pens."

Mr. Waterman was to receive 15 per cent of the profits; Mr. Frazer, 47½ per cent, and Mr. Geyer, 37½ per cent (fol. 4907), but before any division of profits, Mr. Waterman was to draw $2,000 per annum and a royalty of two cents on each pen, which salary and royalty were to be charged to expense (fol. 4908). This was a ten-year partnership. Mr. Waterman put in no capital; Frazer and Geyer put in $500 each (fol. 4906), but Frazer and Geyer obligated themselves to secure credit up to the extent of $25,000 (fol. 4912). The control was vested in Frazer and Geyer, except that Waterman had authority over styles and quality

of goods bearing the name "A. A. Waterman & Co." and over the list and net prices and terms to the trade (fol. 4911).

> "In the event of the death of any partner "*the remaining partners may continue the* "*business and use the firm name of A. A.* "*Waterman & Co.*, with the same status for "the estate of the deceased partner as he him- "self had in his lifetime, except that in case "of death of Arthur A. Waterman, his salary "is to cease, but his royalty is to continue "(fol. 4912)."

It will thus be seen that the continued use of the firm name of A. A. Waterman & Co. was provided for in 1901, in exactly the same way that it was in the partnership agreement, paragraph VIII of Exhibit A-13, dated June 12, 1905 (fol. 5006).

(Fol. 4913):

> "It is understood and agreed that A. A. "Waterman & Co. shall contract with the "Frazer & Geyer Company for the goods "used by said firm so far as said company "are able to furnish them. *Any interest in* "*patents applicable to the line of business* "*of said firm which any partner may have* "*or may acquire, shall be for the use and* "*benefit of the co-partnership. All new pat-* "*ents shall be secured and defended, if at* "*all, at the expense of the co-partnership* "*free of any allowance for royalty*" (fol. 4913).

From this paragraph in the earliest partnership agreement (1901), the relation of A. A. Waterman & Co. to the Frazer & Geyer Company was substantially the same as the present relationship be-

tween the Modern Pen Company and A. A. Waterman & Co., reversed: *i. e., then* A. A. Waterman & Co. were the selling agents and Frazer & Geyer Company the manufacturer; *now,* A. A. Waterman & Co. manufacture, and the Modern Pen Company are the selling agents. The same close relationship existed, however.

In other words, there is no substantial difference between the various contracts of 1901 and the various contracts of 1905. They vary in phraseology, but not in substance. The partnership of 1905 was not merely colorable.

A few weeks after this contract was entered into, Frazer and Geyer carried out their engagement to secure credit up to $25,000. They did secure funds to a far greater amount, for Mr. Chapman was secured and he advanced through himself and his relatives some $50,000 in loans and bought stock, so that they held a large majority control.

Exhibit A-5 (fol. 4915) is an endorsement on the co-partnership agreement of January 9, 1901, extending the co-partnership from 10 years to 40 years from January 9, 1901; directing that Mr. Waterman shall continue to travel and act as salesman; that all partners shall have equal authority in prices and terms of sale, and that the management shall be lodged in Mr. Frazer. This endorsement is dated December 12, 1901. (This cut Mr. Geyer out of the management.)

The Messrs. Chapman, having invested so enormously in this new business, and their investment appearing only as stockholders and creditors in the Frazer & Geyer Company, it was natural that they should want some control over A. A. Waterman & Co., in that the profits of the entire business might be absorbed by the profits of the selling agent, in which they had no technical interest. Therefore, on August 27, 1901, Exhibit A-6 (p.

1639) was executed, whereby Mr. Frazer and Mr. Geyer assigned all of their profits in A. A. Waterman & Co. (above 10% on their personal investments) to the Frazer & Geyer Company (fol. 4919).

This agreement of August 27th, 1901, only seven months after the initial partnership agreement, is signed by Isaac E. Chapman, as vice-president of the Fraser & Geyer Company (fol. 4921). This shows that as long ago as 1901 the present firm of A. A. Waterman & Co. (Isaac E. and William L. Chapman) were already the controlling spirits in this enterprise.

On December 12, the day that the partnership was extended from ten to forty years, Mr. Waterman executed a somewhat similar agreement (Exhibit A-7, page 1642) to that of August 27th. He assigned to the Frazer & Geyer Company his 15% of profits and his two cents per pen royalty, but, unlike the Frazer & Geyer assignment of August 27th, he was paid in addition to his salary $100 for every 1% of the annual net profits made by Frazer & Geyer Co. (folio 4928) and, inasmuch as their profits had been very great up to this time (page 1249), it looked like an excellent arrangement, and besides there were issued to him 50 shares of stock of the par value of $5,000 *in consideration of giving up his royalties* (fol. 4929). It was covenanted as follows:

> "And the said party of the second part, in "consideration of the premises, further cove- "nants and agrees not to engage in any other "business than that of the said firm of A. A. "Waterman & Co., and that covered by this "agreement during said term, *and he will "not, during said term, use or permit the use "of his name in connection with any other*

"*business*, firm, corporation or person what-
"soever, but during the whole of said term
"will use his influence, reputation, energy
"and skill solely for the benefit of said firm
"and said parties of the first part, *and that*
"*in case of his death the business of the said*
"*firm of A. A. Waterman & Co. may be con-*
"*tinued under the same firm name* upon com-
"plying with the statutes of the State of
"New York for continuing the use of a firm
"name! *and in case, for any reason whatso-*
"*ever, the said party of the second part shall*
"WITHDRAW *from said firm or from this*
"*agreement*, before the expiration of the
"term above limited, he further covenants
"and agrees that *he will not directly or in-*
"*directly engage in the manufacture or sale*
"*of fountain pens* during the term contem-
"plated by this agreement within the United
"States and will not use or permit the use
"of his name, influence or reputation, by any
"corporation, firm or individual whatsoever
"in said business during the same period of
"time" (fols. 4929-31) (Dec., 1901).

The fifty shares of stock was trusteed with Mr. Asa A. Spear for ten years to provide for the faithful performance, on Mr. Waterman's part, of this contract (fol. 4932). A reading of this entire agreement will show the relations of the parties at that time, and indicates that, in all essential particulars, this agreement is not different from the partnership agreement of June 12, 1905 (Exhibit A-13, p. 1638), in paragraph VIII of which (fol. 5006) Mr. Waterman formally assigned the use of the trade name of A. A. Waterman & Co. to his partners. In other words, the contract relations between these particular parties was not essentially different in 1901 and 1905.

On the same day, December 12, 1901, there was a contract (Exhibit A-8, p. 1645) between the Frazer & Geyer Company and A. A. Waterman & Co. It set forth the exact relations between the parties. Frazer & Geyer Company agreed to manufacture for A. A. Waterman & Co. (fol. 4936)

> "All goods in their line, consisting of gold "pens, fountain pens and the several parts "thereof, which said firm can sell, *and to "furnish the capital needed* to produce such "manufactured goods as rapidly as they can "be sold by said firm, and deliver the same "to said firm as they are ordered * * * "(fol. 4940). This agreement shall extend "over the whole term of said co-partnership "of A. A. Waterman & Co., to wit: Forty "years from January 9, 1901, *and should "said firm be dissolvel for any reason before "the end of said term and said business be "continued under* THE SAME FIRM NAME or "reorganized, *the partners now composing "the said firm of A. A. Waterman & Co., "who shall continue said business, shall con- "tinue this agreement or cause the same to "be continued until said full term of forty "years shall have run."*

The result of the *five* contracts executed in 1901, was to concentrate most of the profits of A. A. Waterman & Co. in the Frazer & Geyer Company, as a consideration for which Mr. Waterman received $5,000 in stock and a salary to be proportionate to the profits.

As a matter of fact, the Chapmans were just as much interested, and were just as much partners, in the *entire* enterprise in 1901, as they were in 1905, or are to-day in 1914 (fols. 3749-50).

On June 11, 1904, there was a modification of the partnership agreement (Exhibit A-9, p. 1648). Waterman, instead of getting a salary of $2,000 a year, got a commission, and a certain field was set aside for him exclusively. He was to get certain commissions on all goods sold in that field, whether sold by him or not (fol. 4943). Mr. Waterman was beginning to get restless and wanted to get out for himself.

By 1905, the very large profits of the business had changed to losses, which began in 1903 (fol. 3747). This was under the exclusive management of Mr. Frazer, who had shown himself incompetent. Through a pooling arrangement (fols. 4127-30) he had absolute control of everything, although he and his friends held but a small minority of the stock (fol. 3754).

At this time a new partnership agreement was entered into (February 11, 1905; Exhibit A-10, p. 1650). It was called a modification of the first partnership agreement of January 9, 1901, but it was in reality elaborate, new articles of co-partnership, and was substantially the same as the contract of June 12, 1905, with the Chapmans substituted for Frazer and Geyer.

A reading of Exhibit A-10 (p. 1650) will show that it is substantially the same as Exhibit A-13 (p. 1668), which latter agreement was drawn by the writer and largely copied from, and modeled after, Exhibit A-10 of February 11, 1905 (p. 1668). It provided for the division of the Western Hemisphere into two parts, one of which should be operated by Mr. Waterman; *for Mr. Waterman getting out of the firm on* JULY 1, 1906, and operating independently in the Western District (fol. 4950); for the mutual use of patents then existing or thereafter to be obtained; for prices and mutual advertisements and the method of stamping their

product "A. A. Waterman & Co.," "New York," or "Chicago" (fol. 4959); for the purchase by Waterman of show cases in the Western territory at 75 per cent of their cost (fol. 4961); it provided (fol. 4963) for his continued relations with Frazer & Geyer whether he did or did not terminate his relations with them on the first day of July, 1906 (fol. 4963), and also provided (fols. 4971-72) that

> "In case he shall or shall not begin busi-
> "ness on his own account by JULY 1, 1906, as
> "hereinbefore provided, he shall on that day
> "retire as an active partner in said present
> "firm of A. A. Waterman & Co., retaining no
> "connection with the said firm or its busi-
> "ness, *except he shall permit therein the*
> *"continued use of all his patents, trade-marks*
> *"and improvements and shall permit the re-*
> *"maining partners to continue the said busi-*
> *"ness under the said firm name of A. A.*
> *"Waterman & Co.*, upon their complying
> "with the statutory requirements to obtain
> "the right to use said firm name."

Mr. Waterman retained his right to determine the quality of all pens and their accessories (fol. 4973)

> "made and sold as the product of the *present*
> *"firm* of A. A. Waterman & Co. *or of any*
> *"firm that may be formed after July 1, 1906,*
> *"as the successors to the present firm*, which
> "goods bear the name or initials of said Wa-
> "terman in any form, and provided further
> "that the reservation to said Waterman of
> "this right and power as to the quality of all
> "said goods shall apply to and be binding
> "upon any concern or firm continued, formed

"or organized after July 1, 1906, which "goods bear the said Waterman's name as "hereinbefore provided, and this privilege "and power to pass on the quality of said "goods, both of the present firm of A. A. "Waterman & Co. *or of any succeeding firm* "as aforesaid *is an express condition and* "CONSIDERATION *for the use as hereinbefore "provided of the name of said Waterman in "any such firm, or on any such goods."*

The original arrangement of January 9, 1901, was re-established, giving Mr. Waterman 15 per cent of the profits and 2 cents per pen royalty (fol. 4972).

This agreement between Waterman, Frazer and Geyer, dated February 11, 1905, shows that the essential ideas that dominated the relationship between the corporation and the firm were the same in 1904, 1905, 1911 and 1901.

Exhibit A-11 (p. 1659) bears the same date, and is an agreement between Mr. Waterman and the Frazer & Geyer Company. It abrogates the agreement of December 12, 1901; it provides for delivering up the 50 trusteed shares to Mr. Waterman, terminating the trusteeship (fols. 4978-81) and re-establishes his 15 per cent of the profits and 2 cents royalty (fol. 4980). It provides elaborately for the prevention of Mr. Waterman competing with A. A. Waterman & Co.; it consents to the incorporation of a new company in the Western territory with a bond to protect the Frazer & Geyer Company against damage (fol. 4986) and constitutes in its paragraph marked "Thirdly" almost a general release (fol. 4987).

It again provides for the free perpetual use by A. A. Waterman & Co. of the patents, trade-marks, *trade-name,* etc. (fol. 4989), speaks of the possible

successors of A. A. Waterman & Co. (fol. 4990), etc., etc. In fact, it is an elaborate reiteration of the dominant purpose of permitting Mr. Waterman to get out of his obligation of working for forty years for the firm of A. A. Waterman & Co., as set forth in the contract, Exhibits A-4 and 5, and looks towards his retiring from the firm and setting up business in the Western territory, which was afterwards carried out on July 1, 1906. It was *his* desire to get out of his contracts of 1901 and set up business for himself in the Western district, while his partners were to have the perpetual use of the name of A. A. Waterman & Co. in the Eastern district.

We now come to the period of acute friction. The Frazer & Geyer Company was losing money very heavily. Mr. Chapman and the Chapman estate had chattel mortgages, aggregating $30,000. They and their friends owned a large majority of the stock (70 per cent, fol. 3753). The management of Mr. Frazer was in disrepute. The books were found to be inexact. The pooling agreement tied the hands of the people who had put in substantially all of the money, and conditions were unbearable.

It was then that a reorganization was suggested whereby the pooling agreement could be avoided, *and the management changed.* A meeting of the stockholders was called; a statement of the assets and liabilities was made (Exhibit A-41; page 1712); circulars were sent to the stockholders in an attempt to get the stockholders, or two-thirds of them, to agree to a reorganization, practically assessing themselves $15 per share (fol. 5139). This amount of money was imperatively necessary to keep going, as the Chapmans positively refused to put up more money. Frazer and Geyer and Waterman were willing to come in. They were

present at the meeting of the stockholders, and objected to nothing (fols. 5298, 5306). The temper of that meeting indicated plainly that a new management would be insisted upon, and that Mr. Frazer would lose his job (fol. 5309).

After this meeting, Waterman, Frazer and Geyer seem to have conspired together to defeat the reorganization, although Mr. Chapman had agreed to advance moneys to them in order to meet their assesments.

Everything was supposed to be moving smoothly, and it was thought that there was a unanimous agreement to the reorganization. Apparently, in conformity with what now appears to have been concerted action between Waterman, Frazer and Geyer, Mr. Weaver, the attorney for Waterman, sent to the writer the letter of May 10, 1905 (Exhitib A-62, page 1773), with its accompanying circular to stockholders of the same date (page 1774). This was a thunderbolt out of a clear sky. It demanded an answer by four o'clock the same day (fol. 5319), and threatened to put the business into the hands of a receiver. The circular boasted than over 80% of the business of Frazer & Geyer Company came from A. A. Waterman & Co. (fol. 5323); that with the proposed reorganization, A. A. Waterman would not co-operate; that the stock would not be worth 50 cents on the dollar (fol. 5325); and it closed with a request to the stockholders not to sign the "consent to the sale of the assets" (fol. 5326). In short, Waterman, Frazer & Geyer withdrew from the reorganization scheme. Mr. Weaver's letter and circular should be read in full, pages 1773-76.

On May 15, Mr. Frazer had a talk with Mr. Chapman wherein he, Frazer, openly threatened to put the company in the hands of a receiver (fol. 4238). This meeting on May 15, was an open

rupture between the Chapman interests, which had put in substantially all of the money, and Waterman, Frazer and Geyer, who had been operating the company at a loss.

On May 15, 1905, it became evident that a peaceable reorganization was impossible; and, acting upon the writer's advice, four different suits were begun against Frazer, Frazer & Geyer Company, and A. A. Waterman & Co. (fol. 4142). There could be no defense to these actions, and the three conspirators saw that they would be swamped with judgments.

Mr. Waterman immediately changed front, discarded his attorney, Mr. Weaver, and entered into the temporary agreement (Exhibit A-12, page 1666) of May 27, 1905. This temporary agreement tells the story as of that date, and looks forward to the partnership agreement of June 12, 1905 (Exhibit A-13, page 1668), which was to be a substantial copy of the Frazer, Geyer and Waterman agreement of February 11, 1905, which, in turn embodied the spirit of all former agreements with relation to the essential issues of this controversy, *i. e.*, THE ASSIGNMENT OF THE TRADE NAME TO THE NEW FIRM (fol. 5006), AND THE COVENANT OF WATERMAN NOT TO COMPETE IN BUSINESS. The new idea engrafted upon the old contracts by the partnership agreements of February and June, 1905, was that *suggested by Mr. Waterman himself;* that he should be permitted to withdraw from his old partnership obligations which covered forty years, and go into business for himself in the Western territory.

The temporary agreement (Exhibit A-12, page 1666) contains the following:

"II. The new co-partnership agreement

"shall be substantially the same as the pres-
"ent co-partnership agreement between A.
"A. Waterman, W. G. Frazer and H. W.
"Geyer, dated February 11, 1905, and the
"relations of the new firm to the new cor-
"poration shall be substantially the same as
"those of the old firm to the old corpora-
"tion."

An examination of all these contracts shows a continuity of thought and of business purpose, and indicates, beyond any controversey whatever, that the present firm of A. A. Waterman & Co., with the Modern Pen Company as sole selling agent, was but a continuation of the initial idea of 1901, with the additional provision of permitting Mr. Waterman to get out and establish business for himself. *It was not new;* it was not a mere trick or pretext for getting possession of the name.

The assets of the Frazer & Geyer Company were sold by the sheriff; were bid in for the benefit of the old stockholders, who thereupon reorganized as the Modern Pen Company, and every share of the old stock came into the new organization except four or six held by Mrs. Frazer and a friend (fol. 4146), and all of the old shares paid $20 per share as a so-called assessment instead of $15. This reorganization was not a freeze-out (fol. 4146).

After the defection of Mr. Waterman from the triumvirate, Frazer and Geyer continued hostile, and began an action for a receiver for A. A. Waterman & Co., as threatened in Mr. Weaver's letter (page 1773). Frazer and Geyer both made hostile affidavits, but within a few days Mr. Geyer found that Mr. Frazer was "out for" revenge; that his only purpose was to cause the Chapmans to lose all of the money that they had put into the enterprise. He, Frazer, had none to lose; all his stock

was hypothecated. Mr. Geyer was not a man of revengeful character, and, besides, he and his friends had twenty or thirty thousand dollars of money invested in the stock. He therefore formally withdrew from the suit for a receiver; he and his friends went into the reorganization, and he accepted a subordinate position under Mr. Martling, as manager.

The old firm of A. A. Waterman & Co. then went into liquidation under the direction of Waterman and Geyer, until Mr. Frazer succeeded in getting a receiver appointed, who filed his bond and almost immediately asked the Court to be relieved from his position as receiver, inasmuch as there was nothing to receive, and he had paid a premium on his bond without having any assets to meet that expense.

This was the end of this controversey. Mr. Frazer's stock having been hypothecated, was sold out and went into the reorganization. The Chapmans, Waterman and Geyer and their friends were all in the new fold and no stock was outside the breastworks excepting five or six shares as already indicated.

This long history, taken from the contracts, has but one purpose: to show that the firm of A. A. Waterman & Co., as constituted by the co-partnership agreement of June 12, 1905, was not a sudden affair, was not a mere pretext under which the Chapmans should get the use of the name Waterman. They had been interested in the use of that name since 1901, when they first provided the $25,000 credit called for by the A. A. Waterman & Co. co-partnership agreement of January 9, 1901 (Exhibit A-4, page 1635). The Chapmans had been the moneyed men from the beginning. The losses of the company were especially *their* losses. They, above all others, were interested in

a change of management. They had a right to be. It took from May 27, 1905, the date of the temporary agreement (Exhibit A-12), until June 12—16 days—to prepare the co-partnership agreement (Exhibit A-13). It was a period of daily conferences, day and evening, and notwithstanding the fact that it was taken largely from the co-partnership agreement of February 11, 1905, nevertheless its preparation was attended with great labor and very many consultations. The question of the right to use the firm name of A. A. Waterman & Co. did not arise; that had been settled in 1898. We now come to the Defendant's Exhibit A-13, which is the one upon which the defendant relies. This contract should be read in full. An analysis of it follows:

I.—Name, A. A. Waterman & Co.

II.—Object, the manufacture, purchase and sale of fountain pens, etc.

III.—Profits and losses shared equally.

IV.—Term of partnership 36 years. [The agreement of four years before was for 40 years.]

V.—Capital to be treated as loans.

VI.—Business management should be vested in Messrs. Chapman, who alone could make notes, checks, etc. [Formerly vested in Frazer & Geyer.]

VII.—The Modern Pen Company *to be* organized as selling agent. A. A. Waterman and the Chapmans are interested in it. [A. A. Waterman was stockholder, director and officer (fol. 4213).]

"VIII.—Arthur A. Waterman hereby "*grants to this said firm of A. A. Waterman* "*& Co. the right to use the name of A. A.* "*Waterman & Co.*, IN CONNECTION WITH THE "MANUFACTURE AND SALE of fountain and "other pens and articles *perpetually, and ex-* "*clusively,* except as hereinafter reserved to

"said Waterman to make use of said firm "name, and *hereby conveys* to said firm all "the GOOD WILL now existing and attaching "to the name of A. A. Waterman and A. A. "Waterman & Co.; *this grant shall not be "modified or diminished by said Waterman "ceasing to have an interest in this said firm "under the terms of this agreement, or by his "death or otherwise.*"

IX.—Continent of America divided into two parts, Eastern and Western [former contracts had contained similar provisions]:

"If said A. A. Waterman shall so desire, "it is hereby agreed that he may do busi- "ness on his own account, under a firm, "trade, or corporate name of A. A. Water- "man & Co., or other suitable name, either "alone or with others, in the manufacture "and, or, sale of fountain and other pens "*in the said Western territory,* provided he "shall begin such business before July 1, "1906 [same date (July 1, 1906) fixed in "earlier contracts with Frazer & Geyer], in "which event he shall have the exclusive "right to said Western territory, *and the "remaining members of this firm of A. A. "Waterman & Co. shall have the* EXCLUSIVE "*right to the Eastern territory, operating "under the name of A. A. Waterman & Co.*

"If said A. A. Waterman shall exercise "said option before July 1, 1906, and estab- "lish such business on his own account as "aforesaid, he shall thereupon cease to have "any interest in this firm of A. A. Water- "man & Co., which said firm shall belong ex- "clusively to Messrs. Isaac E. and William "L. Chapman, their heirs, executors, admin-

"istrators and assigns; and if said Water-
"man shall fail to exercise his said option
"before July 1, 1906, all his interest in this
"said firm of A. A. Waterman & Co. shall,
"in like manner, cease and determine in all
"respects the same as if he had exercised
"such option."

X.—In the event of Waterman doing business on his own account in the Western territory, the following covenants were to prevail:

A.—Provides for the joint payment for advertising in periodicals, etc., for three years under one arrangement and thereafter under another arrangement.

"B.—Each party hereto shall have the
"perpetual free use of all patents, trade-
"marks and trade names (within their re-
"spective territories) in which *either party*
"hereto, or the Modern Pen Company, now
"has, or may hereafter acquire any inter-
"est.

"C.—Any patents or improvements in
"patents heretofore taken out by said Wa-
"terman *or that he may hereafter acquire,*
"shall be used in common between the par-
"ties, upon the Messrs. Chapman paying one-
"half of the expenses thereof, *and should the*
"Messrs. Chapman or the Modern Pen Com-
"pany take out or acquire other similar
"patents, said Waterman shall have equal
"rights with them, upon paying one-half of
"the expenses therefor" (similar contracts with Frazer & Geyer preceded this one).

"D.—The parties hereto shall agree on a
"minimum price of goods to be sold in the
"Eastern and Western territories.

"E.—All goods manufactured in the "Eastern territory shall be marked 'A. A. "'Waterman & Co., New York,' and all those "manufactured in the Western territory "shall be marked 'A. A. Waterman & Co.' "(or some similar name), 'Chicago.'" [Similar provision in preceding contracts.]

F.—A. A. Waterman was to buy certain show cases.

G.—No party to sell in the territory of the other, and if goods are so sold, 20% of the net prices belong to the other party.

XI.—A long paragraph wherein Waterman covenants not to compete in business, Among the covenants is the following:

"And he will not use, or authorize and "*permit any other persons*, firm or corpora- "tion to use, the name of Waterman or A. A. "Waterman, in any way or manner in con- "nection with the manufacture, purchase or "sale of fountain pens, other than as con- "templated by this agreement; that is to say, "if this agreement is terminated, the said "Arthur A. Waterman hereby covenants "with said Isaac E. Chapman and William "L. Chapman, not to compete, either direct- "ly or indirectly, in the manufacture, pur- "chase or sale of fountain pens *or to use "his own name, or to permit his name to "be used in any such competing business, ex- "cept as herein provided.*" [See also similar contracts.]

XII.—If Waterman does not go into business for himself, he shall have the exclusive agency in the Western territory for 36 years under elaborate conditions indicated in the agreement.

XIII.—Waterman to pay his own traveling expenses, etc.

It will be noticed that this co-partnership agreement with the Chapmans contained nothing new; nearly every condition is to be found in the various contracts with Frazer & Geyer, scattered through the four preceding years.

In short, Exhibit A-13 is *an assignment* of the trade name "A. A. Waterman & Co." by Mr. Waterman to his partners by a written agreement in which Mr. Waterman has *continuing* interests for 36 years. The agreement has not yet terminated under its own express terms. *It was an assignment of a bona fide, going concern.*

Mr. Waterman elected to go into business for himself, and did this under the terms of the agreement on July 1, 1906. Thereupon the firm of A. A. Waterman & Co., in the Eastern division of North America, consisted of the Messrs. Chapman only, and they continue the manufacture of pens marked "A. A. Waterman & Co., New York," under the assignment of the good-will and trade name set forth in the partnership agreement.

Since July 1, 1906, A. A. Waterman & Co. (Eastern Division), under the business management and added capital of the Messrs. Chapman, have prospered; their self-filling pen (which is the best on the market) is known throughout the world, and hundreds of thousands of dollars have been spent in advertising it. Its sales in Europe are large. Its success does not depend upon advertising alone. Its pens are improved constantly. Its patents and designs are new. It makes every part of its pens itself, using the best materials that money and experience can buy, and the most skilful workmen. It is not a mere assembler of parts bought from others, like so many so-called manufacturers, including this plaintiff.

It will be remembered that, though this last co-partnership agreement was dated June 12, 1906, the Messrs. Chapman had put in substantially all the capital into the enterprise in 1901. The change was largely nominal, except that, under the new arrangement, the business management was taken from Mr. Frazer and given to Mr. Geyer, under whom it has prospered.

In short, since the date of the decree, September 3, 1898, until about December, 1909, the L. E. Waterman Company has acquiesced in the 1898 decree of the Court, when they attempted by underhand and dishonorable methods to deprive the defendants of their right to the good-will and trade name for which they have paid thousands of dollars, by obtaining a judgment against a third party, without the knowledge or consent of these defendants, and, as defendants maintain, by a fraud on the Court. (See Cleveland Decree.)

From the following quotation from Judge HAND'S opinion we most emphatically dissent:

> "In the case at bar it does not seem to me "to be open to any doubt that the whole "purchase of Waterman's business and the "preservation of the firm name had for its "*only motive* the expectation that the "Frazer and Geyer Company could, by the "resulting confusion, pass off its goods un-"der the cover of the complainant's reputa-"tion. My reasons for this are first Water-"man's own very frank statement that "throughout his connection with the enter-"prise the only serious inducement he could "offer was the use of his name. Indeed, no "other reason is suggested which could "serve as any inducement to coalition with "a man in Waterman's position at that time, "one who had failed within two years, and

"since his assignment to meet his debts, had "been doing a small business in a town two "hundred and fifty miles away, which came "into no competition with the Frazer and "Geyer Company and brought nothing to "its business. Again, the obviously color- "able character of all the contracts with "Waterman show that they valued him "chiefly for the right they got to use his "name. At no time had he any substantial "powers as a partner, and after December "twelfth, 1901, he had no rights to any "profits or anything more than a sales- "man's salary or a salesman's commissions. "The elaborate efforts to keep up the formal "appearance of a real firm with actual busi- "ness connections with the real enterprise "show that the parties thought that they "could not avow what was their real inten- "tion and the same efforts emphasize what "that real intention was; especially is this "true when one contrasts the formal rela- "tions with the fact that neither firm ever "did anything actually but keep a spurious "existence upon its books. Surely the chief "inducement to combine with Waterman "was to get the use of his name. However, "I do not think that this is in the least "degree relevant to the rights which the "Frazer & Geyer Company got by the trans- "fer, for the question is of the effect of the "competition, not its purpose or motive."

The above quotation has no foundation in fact. Judge HAND has entirely overlooked the undisputed evidence, a part of which follows:

Mr. Geyer testified:

(Fol. 4280) "RDQ. 1617. When A. A. Wa-"terman came into the original firm with "you and Mr. Frazer [1901] did he not "bring his line of customers with him ? A. "Yes.

"RDQ. 1618. And did he not produce sub-"stantially all the trade that A. A. Water-"man & Co. had? A. Yes, it was through "his ideas, as I understood it.

"RDQ. 1619. And all of the pens that they "sold were sold through him, were they not, "in the beginning? A. Right after he came "with us, yes.

"RDQ. 1620. In other words, he brought "the entire good will and all the customers "that he had before into this new firm in "1901? * * *

"A. Yes.

"RDQ. 1621. Had A. A. Waterman ever "failed in business before 1901? A. I never "heard of his having failed.

"RDQ. 1622. Or before July 1, 1906? A. "I never heard of his having failed. I al-"ways heard him take pride in the fact that "he never had. * * *

"RDQ. 1623. A. A. Waterman & Co. that "preceded your firm were manufacturers, "were they not? A. Yes.

"RDQ. 1624. And the Colonial Pen Com-"pany was their selling agent? A. * * * "Yes.

(Fol. 3739) "Q. 5. How long did you con-"tinue? Tell us the history of the Frazer "& Geyer Company? A. We incorporated "in the first place with a capital of $20,000 "—$6,000 common stock and $14,000 pre-"ferred. Then business kept growing so fast

"that we outgrew our capital and in Feb-
"ruary, 1901, we increased the capital stock
"to $60,000. [Mr. Waterman came in Jan.,
"1901.] Business kept growing so rapidly
"that in 1902 we again increased the capital
"stock to $300,000.

"Q. 6. How much of it was actually is-
"sued? A. The largest amount that was is-
"sued was about $135,000 early in 1904 or
"the latter part of 1903.

"Q. 7. Go on and tell all about the Frazer
"& Geyer Company? A. Our business was
"the manufacturing of fountain pen holders
"and gold pens, making a complete fountain
"pen. When I first went with Mr. Frazer we
"made nothing but the holders. We had our
"factory in Hinsdale Street, East New York.
"About six months after I went with him we
"put in a complete gold pen plant and from
"that time on we made the complete holder
"and gold pen. * * *

"Q. 13. About what per cent of the pro-
"duct of the Frazer & Geyer Company was
"sold by the A. A. Waterman & Co., do you
"know? A. I should say off-hand from 80 to
"90 per cent. * * *

(Fol. 3741) "Q. 8. What was the date
"when you first began making the complete
"gold pen? A. It was in May, **1898**. Along
"in August, 1899, the Frazer & Geyer Com-
"pany began selling gold pens to A. A. Wa-
"terman, of Boston, and we sold him up to
"the 6th of November, 1899. His address
"then was 38 Bromfield Street, Boston,
"Mass. From the 13th of August, 1899, to
"the 15th of October we made and sold gold
"pens for A. A. Waterman & Co. in Howard
"Street, West Somerville, Mass. * * *

(Fol. 3745) "Q. 15. When the stock of the "Frazer & Geyer Company was $60,000, were "they making money? A. Yes; they were.

"Q. 16. How much were they paying on "the stock? * * * A. We were paying 10 "per cent. The preferred called for 10 per "cent and on the common we were making "from 25 to 30 per cent is my recollection, "and paying 10. We were piling up quite a "substantial surplus.

"Q. 17. Before that, when it was $20,000, "how much had you made? * * * A. Our "profits at that time were larger in propor- "tion. I think we were realizing possibly 50 "to 60 per cent on the common stock, besides "paying 10 per cent on the preferred.

"Q. 18. When was it that you increased "your capital stock to $300,000? A. About "February, 1902.

"Q. 19. Did you move your factory at that "time? A. Yes; about that time.

"Q. 20. And changed your methods? A. "Frazer & Geyer Company had already "moved from East New York to 36 Gold "Street, about 1899, I think it was, and we "stayed at Gold Street two or three years, "when our business was so large we were "crowded out of there, as we could not get "any additional space and we then moved to "our present location at the corner of "Thames and Greenwich. There we took a "large floor.

"Q. 21. About 1902, when you extended "your capital stock to $300,000, of which "about $135,000 was eventually issued, did "you make money or lose money? A. Along "in 1903 we began to lose money. Our ex- "penses had increased and the cost of man- "ufacturing had increased. * * *

(Fol. 4148) "RDQ. 1179. After Mr. Mart-"ling was disposed of, you were made man-"ager? A. Yes; when he left in October, "1908, I think it was.

"RDQ. 1180. And since that time you have "been very prosperous? * * * A. Yes; "doing well.

"RDQ. 1181. Was Mr. A. A. Waterman a "stockholder and director in the Modern Pen "Company? A. Yes. * * *

"RDQ. 1184. You said that 50 per cent of "your product was end-joint pens, is that "so, A. About 50 per cent in number, not "in value.

"RDQ. 1185. And that 50 per cent in num-"ber comprises exclusively cheap pens, does "it not? A. They retail from $1 up to $3.50 "without the mountings.

"RDQ. 1186. While the middle-joint and "self-filler retail for how much? A. From "$2 to $6, the plain ones without any mount-"ing. * * *

(Fol. 4283) "RDQ. 1625. Is it not a fact "that A. A. Waterman dictated the policy of "the original firm of A. A. Waterman & Co.?

"* * * A. *I think he did* WHOLLY *"after he came with us.*

"RDQ. 1626. And he dictated the styles of "pens, and the method of manufacture and "the patents under which they should be "manufactured and everything of that char-"acter? A. Yes.

"RDQ. 1627. Mr. Waterman was an in-"ventor, was he not, of pens? A. Yes.

"RDQ. 1628. Had taken out several pat-"ents? A. Yes.

"RDQ. 1629. And those were brought into "the new firm? A. Yes.

"RDQ. 1630. And patents taken out since "in Mr. Stone's name and other people's "names were really directed by him? * * * "A. That is my understanding.

(Fol. 3875) "XQ. 302. Was the use of the "name A. A. Waterman & Co. discussed at "all at the time you formed this partnership "in 1901? A. I presume it was as Mr. Wa- "terman had been doing business, or the "firm of A. A. Waterman & Co., in Boston, "had been doing business; it was simply a "case of transferring it to New York. Our "object was, that we had been supplying the "firm of A. A. Waterman & Co. with what "we presumed was a small part of their "goods and we had a plant where we could "turn out a whole lot more goods than we "were making and we thought with the new "arrangement, or we *knew* with the new ar- "rangement we could supply them with all "the goods and that by our method of doing "business, which had shown that our busi- "ness was increasing rapidly all the time, "that we could also increase the business of "A. A. Waterman & Co.

(Fol. 3890) "XQ. 356. That is the reason "you took the name, was it not? A. The "reason we took the name was that the firm "of A. A. Waterman & Co. had been doing "business; they had more or less of an estab- "lished business and we had been making a "part of the goods for them and we thought "—*we not only thought, but we knew*, that "if we formed a partnership with Mr. Wa- "terman we would then have all the business "and then we could increase that business "by our own methods. * * *

(P. 1399, fol. 4196) "RXQ. 1309. Did A.

"A. Waterman & Co. take any action inde-
"pendent of the Frazer & Geyer Company?
"A. A. A. Waterman & Co. attended to the
"selling of the goods entirely, *practically*
"*running the business.* * * *

(Fol. 4197) "RXQ. 1312. And A. A. Wa-
"terman & Co. did not do any business, ex-
"cept with the goods that they got from the
"Frazer & Geyer Company? A. Yes; they
"bought thousands of dollars of stock out-
"side; they bought pearl goods and boxes
"and advertising matter and paid all their
"bills for advertising. * * *"

The motives of either A. A. Waterman & Co. or Frazer & Geyer Company may not be important, as Judge Hand argues. But he has wholly mistaken the condition existing in 1901, when A. A. Waterman joined forces with the Frazer & Geyer Company. It will be remembered that the decree of September 3, 1898, had permitted A. A. Waterman to do business under his own name. That decree was not questioned, and it is now thought to have been agreed to between them. Mr. Waterman was a man of long experience in the pen business, an inventor, and had a large clientele of his own. Waterman and Gibson had not failed; they dissolved because neither of them had much capital. After the dissolution, A. A. Waterman had done business in his own name—still without much capital. Nevertheless he had a large clientele from Maine to California. Frazer & Geyer Company were likewise people of small capital, but they had a factory of their own and were already doing what this plaintiff has never yet done: manufacturing their own pens from top to bottom. In the original partnership agreement they agreed to get in additional capital to the amount of $25,000.

Capital and business were what were needed. They already had the plant. The capital they got from the Chapmans (the present firm of A. A. Waterman & Co.); the business, patents, etc., they got from Mr. Waterman. The new combination was a great success for several years.

This new venture was very profitable. Mr. Waterman's customers took 80 per cent of the entire new product. That is, Frazer & Geyer's business was multiplied by 5. These facts are not controverted.

It will be remembered that Mr. A. A. Waterman was the complainant's, not the defendant's, witness, and there was practically no cross examination. His "perfectly frank statement" was the statement of a very hostile witness, whose testimony related almost exclusively to matters that were afterwards put into written contracts, which are in evidence. The facts must be taken from them.

Mr. Waterman has been hostile to the defendant since the separation on July 1, 1906.

As already shown, his first co-partnership agreement was dated January 9, 1901 (p. 1635). Mr. Waterman received 15 per cent of the profits and two cents per pen royalty. Their capital was only $1,000. After that, the Chapmans put in above $50,000 through the Frazer & Geyer Company. They, naturally, demanded a share of the profits of the whole enterprise. To do this Frazer and Geyer assigned their profits to the Frazer & Geyer Company (August 27, 1901, p. 1639). On December 12, 1901, Mr. Waterman made a somewhat similar assignment, receiving in consideration $5,000 in stock of the Frazer & Geyer Company and $100 for every 1 per cent of profits (besides his salary from A. A. Waterman & Co.). This is wholly different from Judge Hand's statement of the relations between Mr. Waterman and the company.

Mr. Waterman swears:

(Fol. 282) "Q. 23. Was there anything "said between you and Mr. Frazer and Mr. "Geyer as to the reason for making the part- "nership for such a long term? A. Well, "they regarded the connection with me as "being most advantageous, and *they wished "to increase their capital,* and so felt that a "long term would be much better as an asset "than anything uncertain, not bearing my "name.

"Q. 24. Did you have any interest in the "corporation of Frazer & Geyer Company? "A. No.

"Q. 25. To what did you look for your "profits? A. To A. A. Waterman & Com- "pany.

"Q. 26. Solely to the co-partnership? A. "Solely to the co-partnership.

"Q. 27. Now, what were you to receive un- "der that? A. I had a salary and a royalty "—a royalty so-called. So much per pen "that bore my name."

This was true in January, 1901—but not true later. (See contract of December 12, 1901, p. 1639.)

(Fol. 317) "Q. 120. The reasons or plans "for going into business [1905]? A. *The "reason was I wanted a separate business* "was because the New York business was "not managed to my liking. *I wanted to "organize a business in the West and take "hold of the field I have travelled over and "have it for my own.* They conceded that to "me *reluctantly* if I would do certain things. "One of these things was to form this part- "nership.

(Fol. 322) "Q. 133. That was said to you?
"A. That was the consideration proposed.
"*I offered as much.* I wanted to get certain
"points in order to get my Western oppor-
"tunity. *I was ready to concede most any-*
"thing to get it."

How Judge Hand got the following misconception we cannot understand:

> "The elaborate efforts to keep up the
> "formal appearance of a real firm with ac-
> "tual business connections with the real en-
> "terprise, show that the parties thought that
> "they could not avow what was their real
> "intention and the same efforts emphasize
> "what that real intention was; especially is
> "this true when one considers the formal re-
> "lations with the fact that neither firm ever
> "did anything actually but keep a spurious
> "existence upon its books."

The above quotation is based upon no evidence, and is a pure misapprehension. It is not true as to present relations between A. A. Waterman & Co. and the Modern Pen Company, and there is no suggestion, even, in the evidence of such a relationship in 1901 between A. A. Waterman & Co. and Frazer & Geyer Company. Separate books are kept and profits distributed.

We do not understand why Judge Hand confined his opinion to January, 1901, when A. A. Waterman and the Frazer & Geyer Company first combined—Waterman furnishing the customers from Maine to California, and Frazer & Geyer Company furnishing the plant, and promising to get the capital.

This defendant is the agent of the *new* firm of A. A. Waterman & Co. (the Messrs. Chapman who

have furnished nearly all of the capital), which paid their retiring partner abundantly (contract of June 12, 1905).

We cannot understand how Judge Hand, in reading the case and the briefs, could get the misconception that Mr. Waterman "had been doing a small "business in a town (Boston) 250 miles away, "which came into no competition with the Frazer "& Geyer Company and brought nothing to its "business."

Mr. Waterman traveled as a salesman, from ocean to ocean. He had been in business for himself for years, had a large clientele, country-wide, North, South, East and West, and whether the factory was in New York or Boston, was unimportant.

The Superiority of Defendant's Pens.

DEFENDANTS MANUFACTURE THEIR PENS; PLAINTIFF DOES NOT; IT MERELY ASSEMBLES THE PARTS PURCHASED FROM OTHERS.

THIS SUPERIORITY *IS* SHOWN BY BARE INSPECTION.

The defendant and its predecessors have for over twelve years manufactured each and every part of the complete pen, while this plaintiff has never manufactured its penholders at all, and has generally purchased its pen points, good, bad and indifferent, from various parties, merely assembling the parts in their own factory by the cheapest kind of labor. The plaintiff has advertised enormously, has many medals and diplomas from expositions, where they were probably the only exhibitor, not one of which was given for a pen manufactured completely by the plaintiff, and in only one instance (Paris) could the manager swear who had made

the pens that had received the medals. The defendant's manager testified:

(Fol. 4258) "RXQ. 1546. Have you ever "put your pens in competition with any of "the leading pens of the United States in "exhibitions? A. I have not.

"RXQ. 1547. Do you know whether most "of the leading concerns of the country do "enter their pens in these competitions? A. "No; I think the L. E. Waterman Company "are practically the only ones that do it to "any extent."

The Quality of Plaintiff's and Defendant's Pens.

"Q. What is the general complaint about "L. E. pens? A. The usual complaint, pens "leaking at the joint (fol. 3595). * * * "*I don't think there is an end joint made "that does not leak once in a while.* I think "probably the percentage is very largely in "our favor as compared with the Ideal "pens" (fol. 3596).

(Fol. 3611) "The specialty of the higher "grade goods of the Modern Pen Company "is the self-filler and middle joint? A. Yes.

"Q. And the L. E. Waterman people do "not make any middle-joint pen? A. Not "now, no, sir.

"Q. And they do not make a self-filler "like that of the Modern Pen Company? A. "No. * * *

"Q. And the specialty of the plaintiff is a "pen with a joint under the finger? A. "Yes.

"Q. Their high-grade pens are made that "way? A. Yes."

The defendant's specialty is its "self-filler" (A. A. Waterman patent) in which the ink is contained in a rubber sack attached to a button on the end of the holder—when the pen is empty, by turning the button, the sack is twisted and a vacuum created. Putting the gold pen point into an ink well and letting go of the button, the ink is drawn up into the vacuum. The filling is substantially instantaneous. There is no joint to get worn and leak.

The plaintiff's specialty is the old fashioned, unpatented, pen which has to be unscrewed and filled with a filler.

The principal reason for the law relative to unfair competition is found in the fact that one party generally attempts to deceive *the people* by passing off inferior goods under the cloak of a name which is a guarantee of superior quality; and, generally, the person charged with unfair competition has been guilty of using some name or devise in imitation of another. Neither of these elements enters into this case. There is no suggestion that the Modern Pen Company has ever imitated in any way the product or literature of the plaintiff. The only offense charged is the bare fact that it uses the name of "A. A. Waterman & Co." in plain print.

The decree of 1898, which is now believed to have been on consent, sets out at great length the superior quality of the plaintiff's goods and the inferior quality of the A. A. Waterman Pen Company goods. Inasmuch as, at that time, both parties got all parts of their pens from any dealer that would sell them (fol. 4762), and merely assembled the parts, a proceeding that a $9 a week girl could accomplish (fols. 4357, 4758), the decree of 1898 sounds like "the pot calling the kettle black." *Neither of them made any pens at all.* The plaintiff does not yet; merely assembles the parts.

For some years before the combination between A. A. Waterman and the Frazer & Geyer Company (January 9, 1901), the Frazer & Geyer Company had been actually manufacturing *every* part of the pens that they sold—the holders, feeds and pen points (fol. 4485). Mr. Frazer gave the matter his undivided personal attention. When Mr. Waterman came into the enterprise, he gave his advice as to styles, patents, etc., and sold the product. If Mr. A. A. Waterman and Mr. Frazer had been as good business men and financiers as they were technical manufacturers and salesmen, they would have been a great success. There never was a moment from January 9, 1901, until the present, when the manufacturing end of A. A. Waterman & Co. was not conducted satisfactorily, and each year their pens were improved. They have as a motto: "Each pen must be better than its elder brother."

Within a short time after 1901, defendant's "Self Filler" was invented by Mr. Waterman, and no one has attempted to infringe this patent. No one makes a pen anything like it. No one, even the most careless buyer, would confuse a "Modern" self-filler with an "Ideal" end-joint. We have no hesitancy in saying that the self-filler is the best pen ever manufactured, and has never been equalled. A mere inspection of its mechanism shows its superior workmanship and design. It cannot leak (fol. 4487). There is no joint. The rubber tube, if kept filled with ink, will last for eight or ten years, probably longer, and can be renewed for a trifle. The new, improved and enlarged knob or screw at the end has obviated all former objections that they would sometimes be turned too hard and break off. Such an accident is nowadays almost unknown. They can be filled almost instantaneously, and it is an utter impossibility for them to leak and besmear the fingers

(fols. 3643, 4307, 4512, 3613, 3805, 3840, 4168, 4650, 4307-9, 4374-7, 4386-9, 4516-19, 4456).

Defendant's "Middle Joint" pen is vastly superior to the end or "under the fingers" joint. It was made before the self-filler, and was designed as an improvement upon the old style, end joint pen. The middle joint is very long and is not leakable. We have never heard of a middle-joint pen leaking (fols. 3848, 3611-13).

All gold pen points used by the defendant are manufactured by themselves. One of the greatest weaknesses in pen manufacture is the tempering of the gold. The defendant has recently procured a patent on a machine which gives the pen a certain fixed number of impacts every second, at a fixed pressure of so many tons, thereby making the tempering absolutely perfect.

Hitherto, all tempering has been done by hand, and no two pens were alike.

We notice that since the taking of testimony in this case, the plaintiff has been advertising its pen points as hand-made hammered pens, ignoring the fact that from the first day pens were ever made, until the present, all manufacturers have made pens in that way, excepting the defendant, during the last few years after its new process was patented.

Up to within a very short period, the patent mark on the plaintiff's pens was "1884"—long since expired. Very recently it has put on some more recent patent marks, relating to the feed, but they, like the plaintiff, are mere bluff. They have the commonest sort of feed; and the only scientific feed is that now used in A. A. Waterman & Co. pens, patents for which are now pending. It is the best feed known (fols. 4310, 4297).

All of the highest grade pens made by A. A. Waterman & Co. are either self-fillers or middle-joint

pens. All of the defendant's *cheap* pens are end joints made exactly like the plaintiff's best. They make a few of this character to retail as high as $3.50. The Lincoln pens and all of the cheap pens that retail up to $2 are end-joint pens. Only high-grade pens bear the name "A. A. Waterman & Co.;" the other pens which have cheap pen points tipped with manufactured iridum, bear some other name.

About one-half of the defendant's product (in number, not in value) is composed of cheap "un-"der the finger," end-joint pens, which are manufactured just as the plaintiff's are, and no claim is made for their superiority; but any pen that bears the name "A. A. Waterman & Co." is guaranteed as of the highest quality in its class. *But no end-point pen is guaranteed not to leak* (fol. 4328).

It goes without saying that even steel, if cut into a screw, if screwed and unscrewed frequently, will leak ink; and hard rubber, being comparatively soft, will necessarily, in the course of time, become worn and necessarily leak. This is the trouble with all L. E. Waterman Co. pens, when they are well made; but as a matter of fact, the penholders manufactured by the Messrs. Day, of Seymour, Conn., turned out in great quantities, are so poorly fitted that they are apt to leak from the very beginning. The Days make all sorts of goods, including ocean cables (fol. 3851).

We have no hesitancy whatever in saying that there is no pen on the market—of equal price—that is poorer than the L. E. Waterman Company pen (fols. 4696, 4706, 4708, 4760-62, 4649).

The evidence is undisputed that the plaintiff has not, during these many years, made its own pens.

From 1883 to the present time, the L. E. Waterman Company has been one stupendous "bluff."

They produce medals and pictures of medals of their exhibits in expositions throughout the world and claim perfection—other makers do not exhibit as a rule. They advertise profusely and declare themselves the "only genuine" and the "standard" pen of the world. The evidence shows that in no single instance, except one, could the manager of the plaintiff say who made a pen point that had won a medal. *They have never made their own holders.* For some years they have obtained their rubber goods from H. P. & E. Day Co. with whom the plaintiff has no connection whatever, except to purchase a part of their product and, apparently, to owe them a great deal of money (fols. 1912-13). The pen points on which these medals were obtained were manufactured by anybody and everybody. Not one single one of these medal pens was manufactured in whole, or, probably, in part, even by the plaintiff. They simply took other people's work; had $9-a-week girls to put them together, and then sent them to expositions as their own manufacturer and got medals, because they had no competitors.

The plaintiff's model and chief pen is the old "under-the-fingers" joint pen, and there has been no substantial change in any part of its highest priced pens for the last 15, 20 or 30 years. They claim a difference in the feed, but it is a fictitious claim. They are now trying to put some self fillers on the market, but they are not a success. They have a bar on the side.

Up to about *three years* ago, the factory, in Montreal, did nothing but assemble parts. Now they claim to manufacture everything. Up to a few years ago, the New York company—this plaintiff—were mere assemblers. They made *nothing* themselves. They claim that within the last five or six years, they have made *some* of their *pen points*, but

none of their rubber goods; but even to-day they admittedly buy their pen points even from several dealers.

The plaintiff made much of the fact that it did the chasing in its own factory. Only a part of their product is chased. Chasing is a machine decoration on the plain holder. It makes a plain holder look wavy. Half a dozen holders are put into a chasing machine and the machine does the work in 30 seconds. A girl at $9 a week will attend to several of these chasing machines. It is the simplest thing about the pen, and is done by unskilled labor (fols. 4509, 4740, 4758).

This brings us to the point of "workmanship." The defendant has a union shop (fols. 4691, 4708, 4712, 4575), pays the highest wages known to the trade, and has the most experienced workmen (fols. 4745, 4743). None better can be procured at any price, in any country. Its machinery is of the latest design, and some of it is exclusive.

The plaintiff has a non-union shop, had a strike while the testimony was being taken, and pays the lowest prices possible. No man, except the foreman, gets more than $20 a week (fols. 4576, 4694, 4695).

The most important part of the pen point is the iridium. The defendant buys the best iridium procurable, and then rejects 40 to 60 per cent of it for its first-class pens (fols. 4493, 3833). A man of long experience and high salary selects this iridium from the iridium of commerce, and applies it to the pen. The defendant's cheap 25-cent pen points, marked "14 kt." have manufactured or soft iridium, nothing else; nothing else is claimed. It is put on $1 pens only. This is what they gave the plaintiff on its order for 1,500.

The plaintiff claims that it has no pens with soft iridium, but a number were produced at the hearings (Ex. A-69, fol. 5333).

The superiority of the defendant's goods was sworn to by experts, not connected with the defendant, besides its own experts, notably the three ladies who had been many years in charge of pen stores, or as demonstrators, repairing all pens and selling all pens, including those of plaintiff and defendant. They had no hesitancy in saying that the defendant's self-filling pen was the finest pen ever made (fols. 4373-76, 4309).

The only so-called outside expert called by the plaintiff was a poor old man named Lancaster, who assembled pens marked with his own name. He was "down and out." The plaintiff would not sell him goods at all; the defendant only c. o. d. Mr. Watson called on him in Baltimore. He came to New York; Mr. Watson called on him several times at his hotel, and finally subpœnaed him just as he was leaving for Baltimore, giving him $1.85 and making him a *loan* of $10—generous Mr. Watson. Of course, in such circumstances, Mr. Lancaster said that the plaintiff's pen was the finest in the world, but he also said that the defendant's pen was next best, and, on cross examination, he admitted that nobody could make a pen such as he wanted, except the defendant. The fact is that the old man has joined the "down-and-out club," and ten dollars looked so big to him that he was willing to swear even against his own manufacturer.

Mr. Lancaster's characterization of the defendant's pens as next best to the plaintiff's reminds one of that famous incident in history when the Greek generals, at Marathon, were called upon to give first and second choice as to who was the greatest general. Each voted for himself first choice, and for Miltiades, second choice.

To sum this matter up: the defendant manufactures every part of every pen that leaves their establishment. This fact antedates 1901 (fol. 4485).

Their designs are new, made under living, exclusive patents, and their workmanship is of the highest style known to the art. Their product, pen for pen (Exhibit A-39, p. 1711), is cheaper than the plaintiff's, and far superior. Their low-grade, "end joint" pens are better than the plaintiff's best, and far cheaper. They make no boast, however, concerning their end joint pens except that they are the best end joint pens that can be manufactured. The end joint holders are structurally faulty, and in time the rubber screw *will* wear and the pen may leak; and any leakage in defendant's pens, referred to in the testimony, referred to those cheap pens of that fabrication, which is no improvement upon the style manufactured 20 years ago by many manufacturers; and by the plaintiff to-day.

MODERN SCIENCE AND THE MOST SKILLFUL WORKMANSHIP CANNOT PRODUCE A BETTER PEN THAN THE A. A. WATERMAN & CO. "MODERN" SELF-FILLER.

Confusion arising from similarity of names. Simulation.

We do not think that the corporate name of "The "The L. E. Waterman Company" is so nearly like the firm name of "A. A. Waterman & Co." that any intelligent man should be confused and mistake the one for the other, but even if confusion does arise, it is quite as hurtful to the plaintiffs as to defendant.

One thing is certain: no intelligent man would ever confuse the A. A. Waterman & Co. self-filling pen with the old-fashioned "joint under the fingers" pen manufactured by the plaintiff under patents long since expired.

Slight confusion is admitted; was admitted in

court before the beginning of this action. It is, however, only the confusion which arises from the bare fact that two firms, each legitimately using the name "Waterman," uses their trade name in a legitimate and fair way (fol. 4116). Concerning such confusion there is no remedy. The writer has no remedy against any other man named Bacon practicing law under his own name, nor against the Rev. A. S. Bacon, who preaches under the writer's exact name.

The defendant has never intentionally added to that confusion, but, on the contrary, has used every effort possible to make the public know that their superior goods must not be confounded with the inferior "assembled goods" of the plaintiff—assembled from everywhere.

All of these issues were threshed out on the motion for a preliminary injunction. As the defendant has never used the word "Waterman" alone, it had no serious objection to that part of the preliminary injunction that restrained the use of that word alone, and the defendant was perfectly willing, and so announced to the plaintiff to make the temporary injunction as modified by the Circuit Court of Appeals the permanent decree of this court. This offer was first made in a letter—unanswered—written before the appeal book was prepared for the Circuit Court of Appeals; it was later made at the opening of the plaintiff's testimony (fols. 1601-02), at the opening of the defendant's case, and at the close of the testimony (fol. 1602). The defendant received no reply, except the insulting letter printed at page 1122 (although it was not a part of the record), wherein the plaintiff very flippantly offers to make the *first* order of Judge Hough—that dated Aug. 29, 1910 (fol. 3331), not the one dated Dec 10, 1910 (fol. 3352)—the decree of this court, the costs to be divided. This was merely adding insult to injury.

It is the L. E. Waterman Company who aggravate, exaggerate and create very much of such confusion by the untruthful statement that "there is no such concern in New York City" as A. A. Waterman & Co. as shown by their own letter, Exhibit A-36, folio 5125, and their complaint in the Italian suit (fols. 5151, 5153).

An examination of some 142 pages, 956 to 1107, of the printed case, giving alleged irregular directions on letters does not show confusion, but ignorance; and why this record was cumbered with such a lot of immaterial matter, not only in this exhibit, but in the testimony, we do not comprehend, because the law on this point is very emphatic.

In view of all these facts, and especially in view of the offers made by the defendant and the unbusinesslike, unprofessional methods pursued by the plaintiff, this action should be dismissed on the merits with costs.

Simulation.

There is no question of simulation. A. A. Waterman & Co. have never used similar colors to the plaintiff. Defendant's distinguishing color is primrose, while plaintiff's color is blue. No letterhead, advertisement or advertising device has ever been even remotely similar to the plaintiff's. There is no complaint along this line. The only complaint is that confusion arises from the bare fact that A. A. Waterman used his own name, given him at birth. There is no evidence, and no claim, of confusion arising from any other fact. The only grievance arises from the fact that A. A. Waterman's father was named Waterman.

> (Fol. 4116) "XQ. 1094. That confusion "came from the fact that the name and "marking of the goods were so similar, did

"it not? A. The marking is not similar. "There is no similarity to the marking at "all. The only similarity is that they both "have the name Waterman.

(Fol. 4148) "RDQ. 1182. *Has there ever "been a time when the trade name of A. A. "Waterman & Co. was printed in any way "like the name L. E. Waterman Company, "so as to simulate it even remotely?* A. *No.*

"RDQ. 1183. *There never has been any "claim of that character, has there?* A. *I "never heard of any such claim.*

(Fol. 4167) "RDQ. 1224. Have you ever "knowingly sold either directly or indirect- "ly, through any salesman, any A. A. "Waterman & Co. goods simply as Water- "man? A. No, sir.

"RDQ. 1225. Have you in each instance "given explicit instructions to salesmen as "to how your goods should be sold and, if "so, state the tenor of such instructions? "A. The instructions have been for them "to sell them as the goods of A. A. Water- "man & Co., that we are making our self- "fillers and middle-joint pens, pens of a dif- "ferent class and so much superior to the "Waterman Ideal pens, that we do not want "them confounded at all; and our end-joint "line is practically the same as the Ideal, as "far as quality is concerned, but the price is "about one-half the price of the Ideal.

"RDQ. 1226. Then the middle-joint and "the self-filler sell for about the same as the "Ideal? A. Yes.

"RDQ. 1227. And the end-joints, which "are just as good as the Ideal, sell for about "one-half? A. Yes."

It will thus be seen that the merits of this case are wholly different from those cases where the infringing party has *recently* started in business, has used some color or device similar to the trade mark, trade name or trade device of an old established concern, and puts on the market an *inferior* article.

On the contrary, this defendant has always strictly avoided using the name "Waterman" alone, and any imitation of the plaintiff's advertisements; and has impressed upon everybody the fact that its pens are new, up-to-date pens, made under existing patents, in every way superior to the "assembled" pens of the plaintiff.

There is no claim that the defendant has ever imitated the plaintiff's designs.

There are several interesting French cases cited in Brown on Trade-marks. The principle of all of them is thus expressed in one:

> "Every person has a right to use his pat-
> "ronymic in commerce as in anything else,
> "subject, however, to being distinguished as
> "much as possible from any other in the
> "same trade."

This author also remarks:

> "Cases in which *corporations* have been
> "the parties sought to be restrained *stand*
> "*on a different footing* from natural per-
> "sons, for the persons forming a new cor-
> "poration designated like another corpora-
> "tion already formed in the same business
> "are chargeable with assuming a name that
> "does not belong to them. In one of these
> "cases the element of fraud or falsehood en-
> "tered (*Batchellors* v. *Batchellor Manufac-*
> "*turing Co.* not reported in Vermont), and

"in the other the element of estoppel by "contract (*Holmes* v. *Holmes, etc., Manu-"facturing Co.,* 37 Conn. 278, 9 Am. Rep. "324), but in neither of these cases was "anything said or adjudged in conflict with "the general doctrine in the cases of indi-"viduals which we have cited.

"The editor of the American Reports "(Vol. 12, p. 414) says: 'It seems to us that "confusion has sometimes arisen from a "failure to distinguish between infringe-"ments upon a trade-mark and mere compe-"tition in trade. *In our view, such cases as "the* FABER *and* MENEELY *cases are not "trade-mark cases in any sense, but simply "cases of alleged unfair competition in "trade.* In the case of imitation of a trade-"mark, the proprietor will be protected "whether the imitation be fraudulent or in-"nocent. The damage to him is the same "in either event. But in the case of alleged "unfair competition in trade, THE FRAUD-"ULENT INTENT *must be conclusively shown.* "IT IS NOT ENOUGH THAT THE PUBLIC ARE "DECEIVED OR LIABLE TO BE DECEIVED; *the "court must be satisfied* THAT THE DECEP-"TION IS CONTRIVED AND INTENDED *before it "will punish a man for causing it.*

"'*We think we are warranted in deriving "this conclusion from these cases: A man "has a right to the free and UNRESTRICT-"ED use of his name in trade or manufac-"ture, notwithstanding another of the same "name may have previously set up the same "business in the same locality, and acquired "a celebrity for his goods, unless the former "in connection with his own name uses some* "MARK OR DEVICE *which has become the*

"*property of the latter, or is otherwise* "*guilty of* AFFIRMATIVE ACTS *designed to* "*deceive the public and induce them to be-*"*lieve that the goods of the former are the* "*goods of the latter, and in such cases* THE "USE OF SUCH MARK OR DEVICE *or the prac-*"*tice of such acts* WILL BE RESTRAINED, BUT "NOT THE USE OF THE NAME.'

"The family name of a manufacturer can-"not be made a trade-mark, so as to exclude "other manufacturers of the same name "from its use in the manufacture and sale "of similar articles, *unless unfair means are* "*adopted to mislead purchasers into the be-*"*lief that the article is of the other manu-*"*facture. Marshall* v. *Pinkham,* 52 Wisc. "572; 38 Am. Rep. 756.

The Suffix.

THE SUFFIX OR QUALIFYING PHRASE, "NOT CONNECTED WITH THE ORIG-"INAL 'WATERMAN' PEN," or "NOT CON-"NECTED WITH THE L. E. WATERMAN "CO."

The JUDGE HAND opinion states that "the pub-"lic * * * looks no further than the name," and also states that the "suffix which I shall suggest "would be interpreted, at least by *a buyer experi-*"*enced in the business,* as a voluntary disclaimer "of an association disastrous to the manufacturer "and deceitful to the public."

This is not a question for the *dealers.* They know full well the superiority of the defendant's pens. It is a question for the general public, and the form of Judge Hand's qualifying phrase con-

veyed to them the idea that the defendant's product was an inferior, and not a superior, pen. But to require to be appended to the trade name at all times, in letters equally as large as the trade name, any suffix at all, is to require this defendant, which, with its predecessors, has been manufacturing A. A. Waterman & Co. pens for fifteen years under the sanction of a decree of the Supreme Court of the State of New York and under their own patents, to proclaim to the world that its goods are in some way tainted.

Besides, every time defendant uses its own legitimate trade name, it must advertise the plaintiff with a long suffix.

Again, what is an "original Waterman pen"? The Ideal end-joint pen is not covered by any patent and never has been. Plaintiff might as well have put on the market an ordinary grindstone and call it "the original Waterman grindstone."

On the contrary, defendant's self-filler and middle-joint pens are covered by live patents. They are, at least, the original A. A. Waterman "self-fillers" and "middle-joints," while the "original Waterman pen" isn't original at all.

The suffix "not connected with the original 'Waterman' pen" would convey to the ordinary inexperienced purchaser the idea that plaintiff manufactured a patented pen that defendant was trying to imitate. Nobody imitates an inferior article.

The opinion relies upon the following precedents stating.

> "There is plenty of authority for an in-
> "junction in this form. *Singer Mfg. Co.* v.
> "*June Mfg. Co.*, 163 U. S. 169, 200, 204;
> "*Herring, etc., Safe Co.* v. *Halls Safe Co.*,
> "208 U. S. 554; *American Waltham Watch*
> "*Co.* v. *U. S. Watch Co.*, 173 Mass. 85; *Wal-*

"*ter Baker & Co.* v. *Sanders*, 80 Fed. R. 869;
"*Dr. A. Reed Cushion Shoe Co.* v. *Frew*, 162
"Fed. R. 887."

In the *Singer* case, the court held that the word "Singer" became public property at the expiration of the Singer patents. However, the defendant *imitated* the Singer trade-mark; *did not put its own name on the machines or in advertisements*, but marked the machines "Improved Singer" in large letters and "J. M. Co." or "J. Mfg. Co." less prominently. They used nothing to indicate that the defendant made the machines. There can be no doubt that the defendant intended to deceive the public. The mere fact of suppressing their own name and designating themselves as the "J. M. Co." was sufficient to prove that fact. Nevertheless the court held:

> "*Second.*—Also perpetually enjoining the "defendant from marking upon sewing ma-"chines or upon any plate or device con-"nected therewith or attached thereto the "words 'singer' or words or letters equiva-"lent thereto without clearly and unmistak-"ably specifying in connection therewith "that such machines are *the product of the "defendant or their manufacture and*, "THEREFORE, not the product of the Singer "Manufacturing Company."

It is clearly deducible from this case that if the June Manufacturing Company had used their full name so as to let the public know that it was they, and not the Singer Manufacturing Company, that manufactured these machines, no injunction would have issued.

A. A. Waterman & Co. never sold a pen without "A. A. Waterman & Co." plainly marked upon, ex-

cept some very cheap pens marked "Lincoln," &c. A. A. Waterman & Co. have always used their full title; have called their goods "Modern," not "Ideal," and have never in any way simulated the plaintiff's goods or advertisements. The Singer case is in no wise a precedent favorable to Judge HAND's contention.

In *Herring-Hall-Marvin Safe Co.* v. *Hall Safe Co.*, 208 U. S. 554, the plaintiff obtained all grantable rights to use the name Hall (p. 557), although the trade name had not been mentioned in the deed. The court held that the defendant could use the name Hall, "provided an explanation is attached" (p. 559) and

> (p. 559) "*We are not disposed to make a "decree against the Halls personally.* That "against the *company* should be more speci- "fic. It should forbid the use of the name "Hall, either alone or in combination, *in "corporate name,* on safes, or in advertise- "ments, unless accompanied by information "that the defendant is not the original Halls "Safe & Lock Co., or its successor, or, as the "case may be, that the article is not the "product of the last-named company or its "successors."

This Hall case might be an analogy if the controversy was between the present firm of A. A. Waterman & Co. and Mr. A. A. Waterman who had attempted to use his own name in the eastern division of the United States in violence of the contract of June 12, 1905.

One would naturally think that the defendant in the Hall case should have been enjoined absolutely. The right to use the name "Hall" had

been granted to plaintiff. The case is certainly not a precedent favorable to this plaintiff.

The decree of September 3, 1898, while prohibiting the use of the *corporate* name, expressly permitted the use of a firm name of A. A. Waterman & Co. or *Arthur* A. Waterman & Co. The defendant has the right to use both forms under the partnership agreement of June 12, 1905. A. A. Waterman & Co. was selected in the beginning probably because the corporate name had been the "A. A. Waterman Pen Company." Mr. Waterman always used the initials only.

The court must not overlook the distinction often made between *corporations* and *individuals or firms*. The law seems in many cases to be different as to each. The reason, apparently, is that a corporation can be given any name that may be selected by the incorporators, while an individual or the members of a firm are obliged to use the name given them by their parents.

In *American Waltham Watch Co.* v. *U. S. Watch Co.*, 173 Mass. 85, Judge HOLMES agreed with the defendant that it should not be discredited in advanced by requiring it to use a suffix that would injure it in the market, and he simply enjoined the use of the word "Waltham watch." Judge HOLMES' opinion would sustain this defendant's contention that the words "not connected with the original "Waterman pen" discredits the defendant's wares. The Waltham watch case is not a precedent favorable to the plaintiff. Besides, the U. S. Watch Co. was not using its own name, but emphasized the fact that its factory was in Waltham for the purpose, apparently, of obtaining the benefit of the reputation of a firm that called its wares "Waltham Watches."

In *Walter Baker & Co.* v. *Sanders*, 80 Fed. Rep. 889, it was expressly held:

"The defendant may indicate therein in "appropriate language that the chocolate "is made or prepared or sold for or by W. "H. Baker, of Winchester, Va."

In this case the defendant imitated or simulated the plaintiff's labels.

Right here, we call attention to the fact that in the City of New York here are three Fabers in the lead-pencil business, viz.:

Eberhard Faber, 200 Fifth Avenue,
Johann Faber, 61 Duane Street,
A. W. Faber, Germania Bank Building,

and among undertakers, there are

Rev. Stephen Merritt, 223 Eighth Avenue,
Stephen Merritt Burial & Cremation Co., 8th Avenue & 19th Street,
Stephen Merritt Embalming Institution of New York, 241 West 23d Street.

As to the Rogers in the silver plated ware business, they are numerous. There are seven in the City of New York alone; we take the following list from the "Jeweler's Circular-Weekly Buyers' Directory," published at 11 John Street, New York City:

J. Rogers Silver Plate Co., 4788 Pearl Street,
Rogers Silver Plate Co., 470 Broadway,
Simeon L. & Geo. H. Rogers Co., 350 Broadway,
Wm. Rogers Mfg. Co., 9 Maiden Lane,
Wm. A. Rogers, Ltd., 12 Warren Street,
Rogers & Bro., 9 Maiden Lane,
Rogers Bros., 1847, Meriden, Ct.
Rogers & Hamilton Co., 9 Maiden Lane,

Rogers, Smith & Co., Meriden, Ct.
Wm. A. Rogers, Niagara Falls,
W. A. Rogers, Northampton, Mass.
Biggins-Rogers Co., Wallingford, Ct.

There are, apparently, 12 different concerns.

A hasty examination of the Telephone Business Directory shows literally hundreds of people doing business in this city, where others of the same surname are in the same line.

We are not aware that the courts have added a suffix to any of these names.

The other two cases cited by Judge HAND do not apply to these issues:

Florence Mfg. Co. v. *J. C. Dowd & Co.*, 178 Fed. 73, merely held that a trade name "Keep Clean" was violated by the use of the trade name" Sta-Clean," and *National Biscuit Co.* v. *Baker*, 95 Fed. Rep. 135, related to the violation of the trade name "Uneeda" by the word "Iwanta."

We venture to say that no case can be found in the books where any man in a straightforward, legitimate way, manufacturing a product under the name given him at birth and to which he was entitled, was ever restrained from its use because some one else had a father of the same name, unless, by simulating the wares of the other, he in some way added to the necessary confusion that arises from the mere similarity of the family names.

Judge HAND seems to have relied for his precedent upon *Dr. A. Reed Cushion Shoe Co., Ltd.*, v. *Frew, et al.*, 162 Fed. Rep. 887, but an analysis of that case shows that it is not a precedent for such radical action as here taken, in the case of an individual who has committed no offense other than to manufacture goods under his own name, legally given to him by his father.

Dr. Adam Reed, in 1895, 1896 and 1900, took out patents on so-called "Cushion shoes." The manufacture of these shoes began while the applications for the patents were pending, and the shoes were advertised by licensees who sold them as "Dr. A. Reed's Cushion Shoes." The licenses went into liquidation; the patentee sold to a bank, which in turn sold to Goodyear & Co., which company sold to the complainant, which licensed a Chicago company to manufacture men's shoes, and a Buffalo company to manufacture women's shoes, upon a royalty. These shoes were high grade and expensive. Large sums were spent by the licensees in advertising and stores were opened for their exclusive sale. A large trade was built up. All this was done by remote assignees of the early patents with the assent of Dr. Reed.

After selling his first three patents, Dr. Reed obtained in 1900, 1901 and 1904, three other patents for improvements, and in 1905 he organized the E. Z. Shoe Company, and conveyed to it those three new patents, and the right to use his name. It seems that he did not specifically grant to the complainant's *remote grantor* the right to use his name, but he stood by for years while they advertised "Dr. A. Reed's Cushion Shoes." This new company gave licenses to others who manufactured an inferior shoe at a lower price, which was advertised with the words "Dr. A. Reed patentee."

> "This use of the name 'Dr. A. Reed' is "what the complainant complains of in the "present case. It is not contended that the "defendants in any way imitate the prod- "ucts, devices, packages, or advertisements "of the complainants or its licensees. The "whole contention is in respect of the "name."

The Circuit Court enjoined absolutely the use of the name "Dr. A. Reed." The defendant appealed.

> "Now, Dr. Reed did acquiesce in the use "of the name 'Dr. A. Reed Cushion Shoes' "by the complainant and its licensees. This "name had been used with his knowledge "and approval to describe the shoes manu- "factured under the earlier patents long be- "fore their assignment to the complainant's "predecessor in title. The same name was "employed by the complainant's licensees, "and large sums of money were spent to "advertise it. Dr. Reed knew of such use, "and made no objection. The name became "in a sense identified with the shoes manu- "factured under the earlier patents. Its use "by others would give them the results of "the labors and expenditures of the com- "plainant and its licensees. Against this "the complainant is entitled to protection."

The opinion then says:

> "It is undoubtedly true that the motive "actuating Dr. Reed and his associates in "forming the defendant corporation was the "desire to avail themselves of the reputation "attaching to the name of Dr. Reed in con- "nection with cushion shoes; *but this motive "was not necessarily illegitimate so long as "the defendants did not palm off their shoes "as those of the complainant or its licensees.*
> "As said by Mr. Chief Justice FULLER in "*Howe Scale Co.* v. *Wyckoff, Seaman & "Benedict*, supra:
>
> " 'Doubtless Remington and Sholes, in "using the name 'Remington-Sholes,' desired "to avail themselves of the general family

"reputation attached to the two names; but "that does not in itself justify the assump- "tion that their purpose was to confuse their "machines with the complainant's or that "the use of the name was in itself calcu- "lated to deceive. Remington and Sholes "were interested in the old company, and "Remington continued as general manager "of the new company. Neither of them was "paid for the use of his name, and neither of them had parted with the right to that "use. *Having the right to that use,* COURTS "WILL NOT INTERFERE *where the only com- "parison, if any, results from a similarity "of the names, and not from the manner of "the use.* The essence of the wrong in un- "fair competition consists in the sale of the "goods of one manufacturer or vendor for "those of another, and, *if defendant so con- ducts its business as not to palm off its "goods as those of the complainant, the ac- "tion fails.'" (If 198 U. S. 136 is good law, "the L. E. Waterman Co. must fail in this action.)

The court held that the owners of the original patents were entitled to protection in the use of their trade name, "Dr. A. Reed's Cushion Shoes," and this was certainly just, and we are not prepared to say that, in good morals, Dr. Reed should not have been enjoined from the use of his name at all, in connection with the new patents; but this Circuit Court of Appeals has held in that case that Dr. Reed, *even in those circumstances of doubtful morality,* was still entitled to the use of his name, even though he had sold the patents and acquiesced in their exploitation as "Dr. A. Reed's Cushion Shoes." Nevertheless, the new company was per-

mitted to use his name upon designating the patents under which the new shoes were made, and stating that they were not made under the first patents.

The analysis of this opinion will show how different it is from the circumstances in the Waterman case. If A. A. Waterman had merely transferred his patents for fountain pens and had merely acquiesced in the use of the firm name of A. A. Waterman & Co., to which he had never assigned the good will of the business or the use of the name, and had afterwards organized a similar company owning new patents, the conditions would be substantially the same as in the Reed case, but, here, we have a case where Mr. Waterman has assigned the use of his name for a valuable consideration, still retains the right to use the patents in the western part of this country, and still retains relations with the original firm in matters of advertising, etc. (See contract of June 12, 1905.) *It is not by Mr. A. A. Waterman that the complaint is made, it is by a stranger.* The conditions are not at all similar and the analogy falls.

A. A. Waterman & Co. have all the rights of A. A. Waterman by formal assignment; the plaintiff in the Reed case did not.

An analysis of all the cases cited by Judge Hand fails to reveal any precedent for his offensive suffix.

Probably the latest trade name case is *World's Dispensary Medical Association* v. *Robert J. Pierce*, 203 N. Y. 419. This case is valuable as the latest expression of the State Court on this phase of the subject, and as showing the penalty imposed in a case of unfair competition of the most outrageous character, where the defendant made no defense. The writer happened to be present at the Court of Appeals during the argument of this case and obtained from the plaintiff a copy of his brief.

Dr. Ray V. Pierce was a practicing physician who invented certain formulas known as "Dr. Pierce's Golden Medical Discovery," &c. (p. 421). He assigned all his rights to the plaintiff of which he was the president and active manager. The plaintiff is a corporation organized under the manufacturing act, not only for the "manufacturing, compounding and vending of medicines," but to operate a hospital and, practically, to do a physician's and surgeon's work.

The defendant was not a physician, but prepared certain *immoral* remedies which he called "Dr. Pierce's Tansey," &c. He *imitated* the plaintiff's name, boxes, &c., and put in no defense, but relied exclusively upon the fact that the plaintiff, as a corporation, could not legally practice medicine, and therefore could not come into equity for relief.

A majority of the Court of Appeals refused to consider this point (page 423), leaving it undecided, holding that the plaintiff had at least a right to manufacture and sell proprietory remedies, and that that was separate from the practice of medicine. The defendant was an outrageous sinner. He was not a doctor at all, yet prefixed "Dr. Pierce" to his immoral preparations. No stronger possible case can be produced for an extreme punishment. He admitted his wrong-doing and simply said:

> "The plaintiff practices medicine as a cor-
> "poration, therefore, I have a right to palm
> "off on the people illegal goods under Dr.
> "Pierce's name."

The Special Term and Appellate Division had enjoined the defendant absolutely, but the Court of Appeals said (p. 424):

> "Appellant's contention that the judg-

"ment is too broad and drastic is well "founded. Its restraint of the defendant "from the use in any way of the designa- "tions 'Dr. Pierce' or 'Dr. Pierce's' is legal "and just, because he is not a licensed phy- "sician nor entitled to practice under the "law of the State. (Public Health Law, "§§161, 174.) *The defendant has, however, "the right to use his own name in his own "business. It is a general principle of law "that one's name is his property, and he has "the same right to its use and enjoyment as "he has to that of any other species of prop- "erty.* (*Chas. S. Higgins Co.* v. *Higgins "Soap Co.*, 144 N. Y. 462; *Brown Chemical "Co.* v. *Meyer*, 139 U. S. 540.) It is, how- "ever, also a general principle of law that "no man has the right to sell his products "or goods as those of another. He may not, "through unfairness, artifice, misrepresenta- "tion or fraud, injure the business of an- "other or induce the public to believe his "product is the product of that other. The "law protects the honest dealer in the busi- "ness which fairly is his, and the public "from deception in trade. In this case, as "in others which have been before the "courts, these principles must, because of "the identity in the surname of the defend- "ant and the trade name used by the plain- "tiff, be reconciled and amalgamated. * * *

"The defendant has the right to use his "name. The plaintiff has the right to have "the defendant use it in such a way as will "not injure his business or mislead the pub- "lic. When there is such a conflict of rights, "it is the duty of the court so to regulate "the use of his name by the defendant that,

"due protection to the plaintiff being af-
"forded, there will be as little injury to him
"as possible. Defendant should so use his
"name in connection with his remedies that
"he will obviate deception or with an ex-
"planation which will inform or be a notice
"to the public that those remedies are not
"those of plaintiff. (*Herring-Hall-Marvin*
"*Safe Co.* v. *Hall's Safe Company*, 208 U. S.
"554; *Devlin* v. *Devlin*, 69 N. Y. 212;
"*Meneely* v. *Meneely*, 62 N. Y. 426.)

"We have already stated that the defend-
"ant cannot use his name with the prefix
"'Dr.' *We have concluded that due and*
"*adequate protection* will be afforded to the
"plaintiff and the public if the defendant is
"enjoined additionally from using the words
"'Pierce' or 'Pierce's' in advertising, de-
"scribing, designating, labeling or selling
"his proprietary remedies unless said word
"be immediately preceded on the same line
"therewith by *defendant's first or proper*
"*Christian name and his middle name or the*
"*initial letter thereof* in letters identical in
"size, color, style of type and conspicuous-
"ness with those of said word, so that said
"word shall not appear for any of the pur-
"poses aforesaid, except when thus con-
"joined with the words '*Robert J.*' *or* '*Rob-*
"*ert' followed by the middle name of the de-*
"*fendant.*"

IT WILL THUS BE SEEN THAT THE LATEST PRONOUNCEMENT OF THE NEW YORK COURTS ON THIS SUBJECT IN AN EXTREME CASE DID NOTHING EXCEPT TO REQUIRE THE DEFENDANT TO USE HIS OWN FULL NAME.

Can this Court say that the law, as laid down in the Remington and Sholes case, is not the law of the land, enunciated in a score of cases? *i. e.*:

> "Having the right to that use, *courts will "not interfere* where the only comparison, "if any, results from a similarity of the "names, and not from the manner of the "use. The essence of the wrong in unfair "competition consists in the sale of the "goods of one manufacturer or vendor for "those of another, and if defendant so con- "ducts its business as not to palm off its "goods as those of the complainant, the ac- "tion falls."

Is it not true that A. A. Waterman & Co. come strictly under this law as laid down by our highest court? Has not A. A. Waterman at all times since his christening "had the right to that use?" Has Judge HAND or any judge, or even the plaintiff, ever claimed that defendant ever "palmed off its goods as those of the complainant?" Has anyone ever said that defendant has ever sold its goods as those of the plaintiff? Is there any pretense that the admitted confusion—very slight—results from any cause save "from a similarity of the "names, and not from the manner of the use?"

This is a government of law, not of caprice. Did Chief Justice FULLER proclaim the law? If he did, we demand, in the name of civilized government, that the law be obeyed by the courts and that this defendant be protected in its rights under the law.

The law gives A. A. Waterman the right to trade under his own name. He has never abused that legal right. He has never simulated the plaintiff's marks or symbols or advertisements or colors. His only offense is in using legitimately the name borne by himself and his fathers. This Court has

no more right to tag him as spurious with the suffix "not connected with the L. E. Waterman Co." than it has to require him to do business as A. A. Jones.

No court has ever gone so far as Judge HAND, and the Circuit Court of Appeals. This decree violates the law and the rights of property (trade name) guaranteed by the Constitution.

Mr. A. A. Waterman's only offense consists in manufacturing pens lawfully and marking them with his own legal, full name.

A. A. Waterman has as much right to call his pens "A. A. Waterman pens" as his parents had to call their baby "A. A. Waterman." Each is an indestructible right. No law can require Mr. A. A. Waterman to change his name because some man was born with that name before he was, and no law can put a suffix or prefix or qualifying phrase on a man's name just because he started in business one day after another, when he uses his full, lawful name in that business. Under the rule laid down by Judge HAND, if John Smith should start a tailor shop on the Bowery on January 1st, and James Smith on February 1st, James Smith might be required to tag all his clothes "not the original Smith on the Bowery."

A. A. Waterman was born and legally using the name his parents legally gave him before the plaintiff was named and incorporated, and he can no more be deprived of his name than of his clothes, when he uses them legitimately. John Jones might buy the same style of suit from Brokaw Bros. that James Jones did, and thus confuse some careless people as to their identity, but that fact would not require James to tag himself, "not "the original and genuine John." If Judge HAND's rule is to prevail, why should not the writer require a competing lawyer named Bacon to adopt

a suffix, "not connected with the original 'Bacon' "lawyer?"

The exact law is elaborately collated in the notes to

17 C. C. A. 519;
27 C. A. A. 357.

As was said in *Wm. Rogers Mfg. Co.* v. *Simpson*, 54 Conn. 427:

> "If the first appropriator of his name as "a mark adopt the name simply without any "accompanying word or symbol, by way of "prefix or suffix, another manufacturer of "similar goods, having the same name, may "lawfully impress it upon his goods if * * * "he accompanies it by such distinguish- "ing devices, by way of prefix or suffix, *as "that a consumer who will take note of the "whole will not be misled, and if customers "who will take note of nothing but the same "are misled, and there is subsequent loss to "either, it must be borne as the result of the* "ACT OF TAKING A NAME AS A TRADE-MARK."

THE SUFFIX IS OFFENSIVE AND INARTISTIC.

The dog is supposed to wag the tail (suffix), but in this instance the tail is larger and more conspicuous than the dog. An advertisement on a fence would look like this:

A. A. WATERMAN & CO.
NOT CONNECTED WITH THE L. E. WATERMAN COMPANY.

The name has 13 letters and its suffix 36.

On letter heads, if the name is two inches long,

the suffix must be nearly six. On penholders, the same. Of course, it would be difficult so to mark pen points. They were marked "A. A. Waterman & Co." but there would be scant room to advertise the plaintiff also, by putting the suffix on the defendant's gold pen points.

IDEAL.

The defendant has never questioned the plaintiff's rights to this trade-mark.

The small order from Mr. Saadi of penholders marked "Royal Ideal Pens" was an inadvertence. Less than a gross were sold by Mr. Saadi. Judge HAND refused to give plaintiff any damages. The profits were the merest trifle, and Saadi owes $235 that he has neglected to pay for four years.

Plaintiff admittedly, deliberately infringed one of defendant's patents because it was bargaining to buy out the defendant, but defendant called attention to the infringement in a letter and it was stopped.

Plaintiff was not so polite, but amended its complaint so as to include this insignificant infringement.

Assignability of Trade Names. This is Elementary.

The Circuit Court of Appeals has already decided this point in *this* case (p. 1114).

Plaintiff's right to the trade name of "A. A. Waterman & Co." is derived from the following formal assignment contained in Exhibit A-13, folio p. 1682.

> "VIII. *Arthur A. Waterman hereby "grants* to this said firm of A. A. Waterman "& Co. *the right to use the name of A. A.*

"*Waterman and said firm name of A. A.*
"*Waterman & Co.* in connection with the
"manufacture and sale of fountain and other
"pens and articles *perpetually and exclu-*
"*sively*, except as hereinafter reserved to
"said Waterman to make use of said firm
"name, *and hereby conveys to said firm* all
"the *good will* now existing and attaching
"to the name of A. A. Waterman and A. A.
"Waterman & Co.; *this grant shall not be*
"*modified or diminished* by said Waterman
"ceasing to have an interest in this said
"firm under the terms of this agreement, or
by his death or otherwise."

The agreement also prevents Waterman from using his own name in competition with defendants.

"In *Kidd* v. *Johnson*, 100 U. S. 617, S.
"N. Pike adopted as a trade-mark for his
"whiskey the words 'S. N. Pike's Magnolia
"'Whiskey, Cincinnati, Ohio,' inclosed in a
"circle. He took several partners into the
"business, but retained his individual
"ownership of the plant and trade-mark.
"The firm, Pike being a member, removed
"the business to New York, and Pike *sold*
"*the Cincinnati plant and trade-marks* to
"Mills, Johnson & Co., who entered upon
"the business with that plant, and used the
"same label and trade-mark before used by
"S. N. Pike, and the various firms with
"which he was associated. Pike, dying, his
"surviving partners undertook to use the
"trade-mark above described. The Court
"held that *the purchasers from S. N. Pike*
"*had the* EXCLUSIVE *right to use the trade-*
"*mark*, and enjoined the defendant's use.

"In *Burton* v. *Stratton*, 12 Fed. Rep. "696, two brothers, Stratton, originated a "yeast, and adopted as a trade-mark the "figures of two heads (portraits of one of "them with a twin brother) in an oval set- "ting, with the words, 'Twin Brothers Im- "proved Dry Hop Yeast.' The brothers, the "proprietors, *sold* the business and the "trade-mark to Burton, who carried on the "same business and used the same trade- "marks. Subsequently one of the Strattons "began making yeast, and used the words "or name 'Twin Brothers' Dry Hop Yeast.' "The use of this trade-mark by Stratton "was enjoined, BROWN, *J.*, said that the "cases were numerous in which it had been "held that a *party may lawfully sell*, not "only a trade-mark indicative of origin in "himself, but *even the right to use his own* "*name*, in connection with a particular busi- "ness.

"In *Pepper* v. *Labrot*, 8 Fed. Rep. 29, the "right to use the words 'Old Oscar Pepper,' "was held to pass by an assignment of the "plant and business even as against Pepper "himself, the former proprietor, who had "set up a separate establishment in another "county.

"In *Skinner* v. *Oakes*, 10 Mo. App. 45, "Oakes had originated a business of mak- "ing and selling a candy called 'Oakes' "Candy.' He took a partner, Probasco, and "the firm carried on the same business. *He* "*afterward sold to Probasco* all his interest "in the property, business and trade-marks. "*Probasco's title passed to Skinner.* It was "held that Oakes should be restrained from "using the name 'Oakes' Candy' in a new

"candy business set up by him.

"In *Hoxie* v. *Chaney*, 143 Mass. 592, A. "N., Hoxie had originated and carried on "a business of making and selling soap, and "used for label and trade-mark the phrases "'A. N. Hoxie's Mineral Soap' and 'A. N. "'Hoxie's Pumice Soap.' He took Pegram "into partnership, and afterward *sold to "him* all the plant, business and *good will.* "Pelgram then formed a partnership with "Chaney. It was held that Hoxie, having "sold and been paid for the names and "marks applied to the soap, could not use "them in a new soap business.

"In *Churton* v. *Douglass*, John's Eng. Ch. "174, the complainant and respondent had "carried on a manufacturing business under "the firm name of 'John Douglas & Co.' "Douglas *sold* to Churton *all his interest* in "the plant, business and *good will*, and "afterward formed a new partnership with "another person in the same kind of busi- "ness under the same firm name, 'John "Douglas & Co.' The new firm was re- "strained from using that name."

In *Kennedy* v. *Dr. David Kennedy Corporation*, 32 Misc. 480, 60 N. Y. Supp. 225, the assignment in writing is set forth at page 226, and is much less emphatic than that contained in Exhibit A-13.

Many of the cases litigated the point whether or not an assignment for the benefit of creditors will carry with it the right to use the trade name, but in no instance has that right been denied, when the use was conveyed by a written instrument.

In *Glenn and Hall Manufacturing Co.* v. *Hall*, 61 N. Y. 226, the Court says at page 232:

> "It seems plain that if a banking house "had acquired a name, such as that of Bar- "ing Brothers, *though there were no "partner of the name of Baring,* it would on "general principles of law, and independent "of a statute preventing the use of fictitious "names, have a property in such name, with- "out reference to the particular place where "the business was carried on. Though the "name might be inseparable from the busi- "ness, it would be separable from the prem- "ises; so that the business might, for ex- "ample, be carried on on the opposite side "of the street." (Many citations.)

But why multiply citation? The rule is elementary; and these plaintiffs have the same right to the use of the firm name of A. A. Waterman & Co. as though Mr. Waterman were still personally interested in the profits of the Eastern business and dominating everything as he formerly did (fols. 4199, 4283).

Indeed, under the terms of the co-partnership agreement (Exhibit A-13) he still has an interest, though not a partner's interest.

In *Devlin* v. *Devlin*, 69 N. Y. 213, there is also an elaborate note in the same edition, book 14, page 617 [taken from the Law Journal of December 13, 1890]. From this note we take the following quotation from *Tussaud* v. *Tussaud*, L. R. 44, Chanc. Div. 678. This case refers to an opposition establishment to the world-wide famous Mme. Tussaud's Wax Works in London:

> "It followed, in Mr. Justice Stirling's "opinion, from the decisions in the two "cases of *Burgess* v. *Burgess*, *ubi sup.*, and "*Turton* v. *Turton*, *ubi sup.*, that the de- "fendant Louis Tussaud was at perfect lib-

"erty to open on his own account, and to "carry on in his own name an exhibition "of wax works. *Further, he might take "partners into his business and carry it on "under the name of Louis Tussaud & Co.* "The learned judge, without act ally de- "ciding the point, *also gave it as his opinion "that the defendant* HAVING COMMENCED "BUSINESS ON HIS OWN ACCOUNT, might sell "*it with the benefit of the good will to third "parties, who might continue to carry it on "under the same name, and transfer the "business and good will to a joint-stock "company registered under the same name "as had previously been used in connection "with the business.* But his lordship con- "ceived it to be clear that defendant could "not confer on another person the right to "use the name of 'Tussaud' in connection with a business which the defendant had "*never* carried on, and in which the defend- "ant had no interest whatever; and the "learned judge came to the conclusion that "the defendant could not confer that right "on a company in relation to which he "would stand simply in the position of a "*paid servant.*

"The above expression of opinion by his "lordship bore fruit in a further attempt by "the defendant to make use of his name in "connection with a wax works' exhibition, "he having entered into a partnership to "carry on such an undertaking under the "name of 'Louis Tussaud's Exhibition.' The "plaintiff company again attempted to re- "strain him from so doing, but on this oc- "casion without success, Mr. Justice Stirl- "ing holding that what they sought was

"practically a monopoly of the name of "Tussaud in connection with wax works, "to which they were not by law entitled."

"Sometimes the question raised is, "whether on the sale of a business carried "on under a particular name *the purchaser "has a right to use that name.* Thus, in "*Thynne* v. *Shove*, 59 L. J. Rep. Chanc. 509, "the plaintiff had sold to the defendant his "business premises and the good will of the "business carried on by him there. *The "deed by which the sale was effected con- "tained no express assignment of the right "to use the plaintiff's name.* Mr. Justice "Stirling held (distinguishing *Levy* v. "*Walker*, 10 Chanc. Div. 436) that the *de- "fendant had, by virtue of the assignment "of the* GOOD WILL, *the right to use the plain- "tiff's name* in the business, so as to show "that the business was the one formerly "carried on by him, and not so as to expose "him to any liability by holding him out as "the owner of the business, or as one of "the persons with whom contracts were to "be made.

"Summing up briefly the results of the "various decisions, the following proposi- "tion may, we think, be taken as a correct "statement of the law relating to personal "trade names as it as present stands. A "trader who adopts as his business name "that which is an accurate statement of an "existing state of facts—*e. g.*, his own name "if trading alone, or his own in combina- "tion with those of his partners, or a com- "prehensive description of them—cannot, in "the absence of fraud, be restrained from "so doing." [Law Journal, Dec. 13, 1890.]

The above quotations are taken from the note to 69 N. Y. 213, in Cook's 5-volume edition of Court of Appeals, Book 14, page 617.

The assignability of a trade name by a written assignment is no longer a subject of controversy.

The defendant can maintain with very little grace that a trade mark or trade name is not assignable, for Lewis E. Waterman, the originator of the trade mark "Ideal" is dead, and the principal patents have expired, and the L. E. Waterman Company gets all the interest that it has from an assignment. If L. E. Waterman could assign to the L. E. Waterman Company why could not A. A. Waterman assign his trade name to A. A. Waterman & Co.?

It is scarcely with good grace that the L. E. Waterman Company claim that the present A A. Waterman & Co. is not a privy of the original A. A. Waterman & Co. because of the fact of several prior companies of that name, for an examination of *Waterman* v. *Shipman*, 130 N. Y. 301, indicates that the original Mr. L. E. Waterman, in his assignments to his wife, and his bankruptcy difficulties, resulting in a receivership, had a much more checkered career than A. A. Waterman.

Consideration.

The consideration of the bill of sale (Exhibit A-13) cannot be attacked by an outsider. Besides, it was more than adequate. Mr. Waterman never made that objection. The Chapmans had, 4 years before, put up substantially all the capital ($50,000) and they were the only parties having a large financial interest in the business which at that time (June 12, 1905) had been a failure. It was the Chapmans' money and the Chapman's

brains that have given the business its present success, which seems to be the cause of arousing the plaintiff, at this late day, to its present frantic effort to put them out of business.

The Use by Defendant of the Word "Waterman" Alone."

The Wolfson Advertisement.

We admit now, and have always assumed, and at all times before the beginning of this controversy, have acted upon the following assumptions:

1.—The family name "Waterman" cannot be made the subject of a trade-mark or a trade name;

2.—The defendant had no right to use the name Waterman alone;

3.—The plaintiff had no right to call its pens the "only genuine Waterman pens";

4.—Each party should so designate its products as not to lead the public to believe that they were the products of the other, *i. e.*, use the initials L. E. or A. A.

The defendant maintains that it has never, in any single instance, authorized or ratified the use of any advertisement or statement which did not carefully distinguish the plaintiff's goods from the defendant's goods. Judge Hough, in his opin- adverse to the defendant, says:

> *"I find no proof of use by defendant of "the exact trade mark 'Waterman's.'"*

The Circuit Court of Appeals, in their opinion, says at folio 3346:

> "The evidence also tended to show *some* "use of the word 'Waterman' in connection "with the sale of the goods of the firm of "A. A. Waterman & Co. without the dis- "tinguishing initials."

Judge Coxe does not mention this phase of the question at all.

Both courts had practically the same record before them. Nobody has pointed out, and we defy any man to point out, anything in that record which sustains the Circuit Court of Appeals. There was absolutely no suggestion that the defendant had ever used or authorized the use of the word "Waterman" alone, and the injunction as modified should not, therefore, have restrained the defendant from the use of that word alone, even though it was a matter of no particular moment, for the defendant should not be restrained from doing what it has never done or threatened to do.

The plaintiff alleges very boldly that the defendant ratified the Wolfsohn advertisement found at page 337, because the defendant ultimately allowed **one-half of the advertisement, $3, on the Wolfsohn** account, but an examination of the correspondence shows that this was *not* a ratification, but a repudiation, and it exemplified perfectly the defendant's attitude throughout, on the subject of the use of "Waterman" alone, which subject is, as we understand it, the only important problem unsolved in this litigation. (See Plaintiff's Exhibit 12, pp. 338, 340 of the record.)

On December 14, 1909, Wolfsohn Bros. wrote A. A. Waterman & Co. that they had put an advertisement in two of the preceding Saturday's papers, and stated:

> "We *presume* that it will be agreeable to

"have us charge you with one-half of the "cost of this advertisement."

The advertisement was admittedly without the knowledge or consent of the defendant.

The defendant immediately replied on December 16th (fol. 1014):

"We cannot see that this ad. covers our "pens at all. In advertising our line we "have to be very particular to advertise it "as A. A. Waterman & Co.'s pens, while "your ad. would lead the general public to "infer that it was the Waterman's Ideal "pen. We do not make a practice of paying "for advertising of this kind, and you do not "give us any idea as to what you figure the "proportion of cost for the ad. would be. "If you will let us know what the cost is, "we will *then* let you know if we will pay a "portion of it, *providing* you wish to adver- "tise our line under its proper style."

This letter is an express *repudiation and not a ratification* of this advertisement, and shows the defendant's method of treating this subject.

Wolfsohn Bros. replied next day (fol. 1016):

"We *did not intend* this advertisement to "be misleading nor do we think it is. We "merely advertised Waterman's pens, which "we think your pens are entitled to be called. "However, if you prefer that we should ad- "vertise your goods as the A. A. Waterman "pen we shall be glad to do so."

This shows the utter ignorance of the law by Wolfsohn Bros. The defendant replied the next day:

"Your letter of the 17th inst. received, and "we will be very much pleased to stand half "the cost of the ad. as per your former re- "quest.

"For your own sakes, as well as ours, it "will be necessary for you to advertise the "goods as A. A. Waterman & Co.'s, so that "you may have no trouble with the L. E. "Waterman Co."

The incident closed with Wolfsohn Bros.' letter of December 20th (fol. 1020):

"We note your further remarks regarding "the similarity of the names, and the proper "manner in which to advertise your goods, "*and in the future we will do so.*"

In other words, the defendant expressly repudiated the Wolfsohn advertisement, and finally admitted the trifling credit for advertisement on the express condition that the offence should not be committed again. If this is a ratification, we do not understand what ratification is.

There was a somewhat similar advertisement in New Brunswick by some man of whom the defendant had no knowledge whatever, except that it had sold him a few pens.

There are also two or three similar advertisements. None of these were proved by any competent evidence, and there is no pretence even that the defendant had anything to do with them. A decree on the trial of the issues is not determined by clippings from newspapers that are admitted into the record without any proof whatever. But even if they had been proved competently, they could not have been connected with the defendant which does not even know the parties.

Two Toronto advertisements were introduced in

evidence. The only evidence is that the defendant knew nothing about them. Besides, an examination of the advertisements (pp. 848, *et seq.*) shows that they were perfectly proper. "A. A. Waterman & "Co." was the most prominent display in the advertisement.

No officer of the plaintiff claimed on the stand, and no witness ever said that any officer connected with the defendant had ever directly or indirectly used or authorized the use of the word "Waterman" without the initials "A. A."

Mr. Raymond spent many months in scouring the country from Grand Rapids, Mich., to New Orleans, from New York to Denver, trying to entrap people into selling him an A. A. Waterman & Co. pen and tricking them into giving a receipt for a "Waterman pen." Mr. Watson also went about to some extent.

These are peculiarly L. E. Waterman Co. methods. Mr. Raymond was not able to swear to any fact that indicated that any of these people were acting with the knowledge or authority of the defendant. He simply said that he *believed* the defendant *must* know something about it.

Mr. Raymond never dared to take the testimony of any of these people whom he said had given him a receipt. Mr. Raymond's evidence of other people's statements to him are not, of course, competent evidence.

The defendant has been carried, by its representatives, all over the country, to Seattle, Wash., to different points in Ohio, Indiana, Michigan, Canada, New York, Pennsylvania, Maryland, District of Columbia, and Massachusetts, in taking testimony, substantially all of which is incompetent and irrelevant. In several instances, notice was given to take testimony in certain towns where Mr. Raymond had sworn that they had sold him

an A. A. Waterman & Co. pen as "Waterman" goods, but he did not dare to take the testimony of those persons concerning whom he himself testified, and in no single instance did any man whose testimony *was* taken, swear that the defendant's salesman did not tell him that he represented A. A. Waterman & Co. And Mr. Bartlett, the salesman referred to, swears very positively that he always gave his card (Exhibit, p. 1619), always stated that he represented the Modern Pen Company, sole selling agent for A. A. Waterman & Co.—These were his express instructions, and he carried them out.

There was one case in Allegan, Mich., where a cigar man swore that some unnamed man entered the store, asked if they wanted to buy Waterman pens, was told "no," and left within a minute. This is, of course, not evidence, and is denied by Mr. Bartlett, who is the only agent who was in the vicinity at the time.

Mr. Bartlett, by the way, was a new man who was in defendant's employ only a short time, and whose principal business was selling farm wagons (fol. 3550); he sold fountain pens as a side line. The correspondence between him and the defendant shows how very particularly he was instructed in this matter, and his word must be taken as true, inasmuch as he is not contradicted by any witness. A witness who says he doesn't remember what was said to him when an unnamed salesman came to his store gives no contradicting evidence.

We readily read between the lines that Mr. Raymond had a serious time in his travels and occasionally came near being roughly handled. His methods invited it. A critical examination of Mr. Raymond's testimony, almost every word of which is incompetent, being his statement of unverified statements made by third parties, shows that

neither anything that he says, nor statements of any witness produced by him, gives a scintilla of evidence that this defendant ever, either directly or indirectly, knowingly used or permitted the use of the word "Waterman" disconnected from the initials "A. A."

If any dealer misrepresented a pen, it was not, of course, the fault of the defendant. It was not the salesman's duty, although it was his custom, to tell the dealer to be careful to sell the goods as A. A. Waterman & Co. pens. If the dealer knew what goods he was selling, that was sufficient. It is not to be presumed that he would sell them as the goods of the plaintiff, or of the Sterling, or Parker Companies. Mr. Bartlett expressed it just right at folio 3510: "I always told them never to "buy and sell our pens on the reputation of the L. "E. Waterman Company pens; *if they did they will "starve to death.*"

We ask the Court to examine this record with special care to find, if possible, one scintilla of competent evidence that would have been admitted at a trial before a Judge, that shows that since June 12, 1905, there has ever been one single instance of an advertisement or a sale where this defendant ever authorized or directed or ratified the use of the word "Waterman" alone.

Inasmuch as it is the settled law of the land that a family name, Waterman, cannot be utilized as a trade name, or a trade mark, we understand it to be the law that every person who uses that name rightfully should use with it some designating mark. It is the height of presumption for the plaintiff to go about the country and say that they are selling "THE genuine Waterman pen." One of the defendant's salesmen made a correct analysis when he said, "There is no such thing as THE "genuine Waterman pen." There is such a thing

as A genuine Waterman pen, and that applies to the product of either plaintiff or defendant.

We have searched this record diligently and can find no case where defendant's employes ever called their pens "Waterman" alone. Even Mr. Raymond, who, with his wife, made a wide tour of the country, bulldozing dealers, telling them that there was no such firm as A. A. Waterman & Co. (fol.), and trying to trick them into selling him an A. A. Waterman & Co. pen and giving a receipt—as would easily be done, with an abbreviated title—even he admits that he has never found that any such sale was ever with the knowledge or consent of the defendant.

The defendant's salesmen were produced and swore to their instructions, and to their universal habit of representing themselves as with A. A. Waterman & Co. We have no hesitancy in saying that any incident to the contrary has been shown by incompetent evidence—the unverified statement of some third party as arising from the fact that some one of plaintiff's representatives had placed some false information with the dealer.

The mere fact that the L. E. Waterman Company circulated throughout the United States and Canada their Cleveland decree, fraudulently obtained and so designated later by the Court, and the further fact that they printed and circulated a garbled extract of the injunction in this case, as modified by the Circuit Court of Appeals, leaving out all that part of the order which indicated that the defendant had a right to use the name A. A. Waterman & Co.; together with the uncontradicted evidence of their having written letters and sworn to a complaint in Italy to the effect that there was no such firm as A. A. Waterman & Co., indicate the contemptible and corrupt business methods of the plaintiff that should not be protected by the Court.

After the Circuit Court of Appeals had modified Judge Hough's order, the plaintiff published a deceiving "extract" therefrom. (See circular at p. 1617, which omits from the order the two first pages found at pp. 1118 and 1119.)

There is no proof, and Judge HAND does not hold, that defendant ever sold its pens as "Waterman" pens. The opinion states:

> "The public means by the 'Waterman' "pen the complainant's pen; indeed, so the "defendant concedes, *being punctilious to "avoid that name without its prefix.*"

The Court has no right to enjoin defendant from doing what it has never done.

The court will disregard differentials—like the one gross Saadi penholders.

The court will disregard ciphers—like the defendant's use of "Waterman" alone.

Enjoining the use of "Ideal" and "Waterman" was therefore an error, although it did not hurt the defendant, because it never used either intentionally.

The defendant is entitled to use its own name, unsuffixed, and the suffix should be reversed.

Plaintiff could have had all it was entitled to —the preliminary injunction made permanent— under defendant's three written offers. The trial and the great labor and expense of this padded record should have been avoided. Judge Hough suggested that the issues would all be determined by the first appeal. Defendant would have consented to abide by the first modification of Judge Hough's interlocutory order, although it was error, just to avoid litigation. Now, the complaint should be dismissed, and the plaintiff should be made to pay all the costs.

Unfair Competition.

A critical examination of this complaint will show that it is really drawn in "unfair competi-"tion" rather than for violation of trade mark. The writer did not think that it stated a cause of action at all; but Judge Lacombe held otherwise on demurrer, without opinion.

We do not yet see where there is any allegation of fact to indicate a cause of action for "unfair "competition." While a few sentences of the bill of complaint might squint in that direction, it will be found that they are merely conclusions of law, and that, stripped of all its verbiage, there is nothing complained of in the bill except the bare fact that the Modern Pen Company sells pens manufactured by A. A. Waterman & Co. and stamped with that name, which firm to-day contains no member by the name of Waterman.

The complaint will be searched in vain for any allegation of fact that the defendant has, at any time, used the trade name "A. A. Waterman & Co." except in a straightforward, legitimate way.

There is no allegation of fact that shows that they have ever stamped or printed their trade name so as to resemble any particular method employed by the complainant in stamping or printing its own name or alleged trade marks.

Moreover, nothing contained in any affidavit on the various motions has indicated any complaint on the part of the L. E. Waterman Company except the bare fact that this defendant or A. A. Waterman & Co. have used the word "Waterman" in combination with the initials "A. A."

If defendant has the right to use its trade name, there can be no unfair competition without the use of some "mark or device" or some imitation or affirmative act that not only deceives the public,

but is *intended* to deceive the public and to "in-"duce them to believe that the goods of the one are "the goods of the other."

Plaintiff's Trade Marks (Trade Names).

The plaintiff relies on three trade marks, viz., "Waterman's" (not "Waterman") and "Waterman's Ideal Fountain Pen, N. Y.," and "Ideal." *These trade marks were all* REGISTERED *of recent date, long subsequent to the decree of September* 3, 1898 (pp. 1821-40). They were used much earlier by L. E. Waterman and by him ASSIGNED to the defendant in 1887.

Of course a trade mark gives no new rights. It is merely *prima facie* evidence of what already existed. If the L. E. Waterman Company had any rights to these trade marks when they were registered, the registry gave them no additional right. It is merely a matter of proof, not of fact. Although Watson & Raymond in their first letter to the Standard Drug Company (Exhibit A-17, p. 1682) complained of the use of "Globe Special" as a violation of their trade mark, "the representation of a globe" (fol. 5045), and from reading that letter one would think that that was the only offense committed by the Standard Drug Company, nevertheless, that trade mark drops out of the controversy after that letter and never appears again.

> "Nobody questions the right to the word "'Ideal' or to the words 'Waterman's Ideal "'Fountain Pens.' The word 'Ideal' and "nothing else is the valid part of their trade "mark." (Quoted from this defendant's brief of Appellate Division before the beginning of this action.)

When it comes to the WORD "Waterman" or "Waterman's" with its different spellings and connections, there can be no doubt that the L. E. Waterman Company is not entitled to that trade mark or trade name, as such.

The principal case on this point is *Meneely* v. *Meneely*, 62 N. Y. 428, the opinion of which is a most excellent brief, and the elaborate notes at the close of this case, in the 5-volume edition of Brown & Cook (book 13) is everything to be desired by way of a brief, and this opinion and the said notes are respectfully referred to as final on this subject. The gist of the opinion is found in the head note:

> "Every man has the absolute right to use "his own name in his own business, even "though he may thereby interfere with and "injure the business of another bearing the "same name; *provided he does not resort to "any artifice to mislead the public or pro- "duce the impression that the establish- "ments are identical.*"

We quote from the opinion in 62 N. Y., at page 432:

> "*Where the only confusion created is that "which results from the similarity of the "names the* COURTS WILL NOT INTERFERE. *A "person cannot make a trade mark of his own "name, and thus obtain a monopoly of it "which will debar all other persons of the "same name from using their own names in "their own business.*"

In 62 N. Y. 428, the celebrated bell foundry in Troy was known as the Meneely Bell Foundry, and its bells were famous. They were generally

known as "Meneely bells" and that became "a "designation or trade mark of great celebrity and "value to the plaintiffs." After many years, the defendant entered into a partnership and began the manufacture of bells in Troy, stamping them "Meneely & Kimberly, Troy, N. Y."

> "The referee found that the defendants, "by the use of the name of 'Meneely,' *ex-* "*pected and intended* to derive a profit and "advantage by reason of the good reputa- "tion and celebrity in bell founding given "to that name throughout the country by "the said Andrew Meneely and the plain- "tiffs. That the use of the name 'Meneely' "by the defendants, as hereinbefore set "forth, is calculated to, and does, mislead "persons who are not personally acquaint- "ed with the plaintiffs and defendants, nor "with the respective locations of Troy and "West Troy, and the difference between "those places, into the belief that the de- "fendants are the proprietors of the "'Meneely bell foundry' carried on by t[illegible] "plaintiffs; and such use of the name of "Meneely by the defendants is injurious to "the plaintiffs' business of bell founding. "Judgment for injunction against using the "name 'Meneely' in the bell business."

Nevertheless, the General Term and the Court of Appeals reversed, stating:

> "In the present case the injunction con- "sists wholly of a prohibition of the use of "the name 'Meneely' in any way. *It is in* "*conflict with all the cases upon the sub-* "*ject.* If the evidence showed any attempt "by the defendants, by means of catalogues

> "or by any other contrivance, to induce the "belief that the firm of Meneely & Kim- "berly was the successor of Andrew "Meneely, or the managers of the plaintiff's "bell foundry, those acts might have been "restrained; but no such injunction was "granted or asked for. The use of the name "'Meneely' in any way, was all that was "enjoined, and that was the very thing "which should not have been enjoined."

A note of more than two pages in said volume 13 amplifies the cases referred to in the opinion, and collects the cases from the earliest, *Sykes* v. *Sukes, 3 B. & Cr.*, 541 A. D. 1841, down to the present, leaving no question whatsoever as to the law. This defendant said in his brief in the State Court before the beginning of this action:

> "No one will question the right of the "L. E. Waterman Company to the exclusive "use of the word 'Ideal,' as that is their "trade mark and has been sustained by the "Court of Appeals in *Waterman* v. *Ship- "man*, 130 N. Y. 301, but the word 'Ideal' "is the only word that they have an ex- "clusive right to. They have not the exclu- "sive right to the word 'fountain,' nor 'pen,' "nor 'Waterman.' The Court says at page "312:
>
> "*'Upon the facts found the plaintiffs "'were entitled to an injunction restraining "'the defendant from using the word Ideal "'as applied to fountain pens,'* and that "was the only word to which the L. E. Wa- "terman Co. was entitled under 130 N. Y. "301" (quotation from App. Div. brief, ar- gued May 6th, 1910).

No case can be found where the exclusive use of "Waterman" or "Waterman's" has been confirmed to the L. E. Waterman Co., and the fact that defendant has recently obtained a trade mark for the word "Waterman's" does not give them any greater rights than they had before.

Immaterial, Irrelevant and Incompetent.

We venture to say that 90% of all of the plaintiff's evidence is either irrelevant or incompetent. If this case had been tried before a judge, with power to rule out improper evidence, it would doubtless have been tried in two days.

No more striking example of evidence, both irrelevant and incompetent, can be found than in the testimony of Richard H. Waldo (page 286 *et seq.*). He was the *New York* manager of "Good Housekeeping," a magazine of the large circulation of 250,000 copies. He obtained *copies* of certain letters, received by the Puzzle Editor in *Springfield*, and copies of these copies were submitted in evidence, and take up 34 pages of the record (pp. 296-329 inclusive). This evidence is really humorous, not to say ridiculous. The magazine publishes each month a picture puzzle (p. 295-b) wherein a part of the advertisements of six advertisers in the current issue are set forth. To find these and solve the puzzle is, of course, the simplest thing possible. It requires no ingenuity whatever. A part of the plaintiff's advertisement (found at page 295-a) is found on the boy's cap in the picture, and is part of the bottom of the plaintiff's advertisements on the opposite page, being parts of the words "best dealers" and "Company." A prize of $5, with certain other prizes (fol. 873) valued at $2 each, apparently

ten in number, were offered for the best letters relating to these advertisers. The request to say something nice about the articles advertised is found at folio 885. By thus offering prizes for nice things said about the advertisers they got laudatory letters.

With 250,000 subscribers to Good Housekeeping, there were probably a million readers, and among that million of readers 205 made reply, of whom there were 189 females, 7 males, and 9 of doubtful sex, owing to the signature being initials. The letters indicate that they are very largely from school girls, whose recommendations are, of course, valuable. One, found at 899, contains the following:

> "It is the best made pen and the firm the "most reliable. *Each year a new pen of* "*newer style* is given in return for an old "pen—and nearly half cost for allowance is "made for old pen if not broken—now what "other firm would be as generous?"

Overlooking the falsity of these statements, we would ask what other pen would need a renewal each year? Besides, this eulogist would have to go back 30 years to find any substantially new style.

The following imitation of Browning (with apologies) indicates the inspiration of these letters (fol. 939):

> "I am using the Waterman pen,
> "It's the best on the market, and then,
> "It's just the right size,
> "*And will help me get the prize*,
> "Or at least to be one of the ten."

This defendant does not have to offer a prize in order to get letters of commendation. A few very recent ones were selected and put in the rec-

ord, not because it was competent evidence, but because the plaintiff had put in so much similar incompetent evidence. These are found at pages .....

A few recent letters of denunciation of the plaintiff's pens were also included at pages ..... These letters were taken from certain alphabetical letter files, and if the whole alphabet were searched and we had gone through the files of an earlier period, we could have produced as enormous a record as has the plaintiff.

In all of the writer's experience, he has never known a matter of this character where so little wheat was concealed in so much chaff; where a few undisputed, relevant facts were smothered in hundreds of pages of matter that is not only irrelevant, but incompetent—conclusions of law, hearsay and advertisements, statements and acts of third parties, without any attempt to connect them with the defendant.

There is bound to be some confusion when two firms legitimately do business under their own names. This relates to lawyers as well as manufacturers. As a matter of fact, the confusion is slight—scarcely noticeable. The fact that during the months since the Appellate Division brief was served, plaintiff has not been able to find one single instance where this defendant has ever "sought to induce the public to believe that its "product was the product of the plaintiff" (*Westcott Chuck Co.* v. *Oneida Chuck Co.*, N. Y. Court of Appeals, New York Law Journal, October 8, 1910) emphasizes the fact that the defendant has never, in any one single instance, during the years of the present management at least, done any act to increase this confusion, or to induce the public to think that its superior goods were the same as the inferior goods manufactured by plaintiff.

Indeed the spirit shown in the correspondence with the Standard Drug Company and in relation to the Wolfson advertisement shows how careful the defendant has been at all times to have the public differentiate between the two firms.

There is not one scintilla of competent evidence that there is any confusion other than that arising from the mere fact that the plaintiff is the L. E. Waterman Company and that the defendant is A. A. Waterman & Co.; and such confusion is slight, and there is no remedy therefor, as each has a right to his own name.

"Oceans" of testimony is submitted, of salesmen and managers of local stores—none of them experts in the manufacture of pens—to show that certain people have confused the two concerns, and that certain pens manufactured by the defendant had a broken cap or were otherwise defective; also that certain dealers had advertised the defendant's wares as "Waterman's pens." Nowhere will any evidence be found to connect defendant with any such advertisement, and defendant is not responsible for the wilful or ignorant acts of strangers.

From page 956 to page 1107—142 pages—are taken up with addresses which are deemed to be erroneous. What this is supposed to prove we do not know. Eight of these are exactly right, and directed to the "L. E. Waterman Co., 173 Broad-"way, New York City," or "New York."

Nearly 100 of these addresses vary only in the addition of "pen," as "L. E. Waterman *Pen* Com-"pany," or "L. E. Waterman *Fountain Pen* Com-"pany," or in some initial, "L. E. Waterman," "L. "A. Waterman Co.," "J. E. Waterman & Co." "L. "E. Waterman & Co.," etc., etc., and in one instance, "L. E. Wyman & Co." In these 142 pages of names there are only two addresses that may be said to be confused. These are where "A. A. Waterman & "Co." are addressed at 173 Broadway.

What purpose this mass of addresses was intended to serve we cannot conceive. They show carelessness, not confusion.

Plaintiff's Methods of Business.

All the testimony and the correspondence will indicate that the defendant does business as gentlemen, and according to the strictest rules of business propriety. In fact, Mr. Geyer's remarkable success as a manager is owing very largely, we think, to his motto: "The customer can do no wrong," and his attempt to satisfy his every whim in the most polite way.

On the contrary, the business methods of the plaintiff are everything to be condemned. For instance, at page 1709 the plaintiff wrote to Mr. Hammell a letter wherein it says that "there is no such concern in New York City" (as A. A. Waterman & Co.). When the plaintiff wrote that letter, the writer of it knew that it was absolutely false (See also fol. 4438).

On page 1717, Exhibit A-44, is a translation of the complaint in an action against the defendant's representative in Italy. It contains in two places (fols. 5151 and 5153) the bare-faced falsehood that there is no such firm as A. A. Waterman & Co. Mr. F. D. Waterman knew that was a deliberate falsehood when he swore to it, and, on the strength of this brazen perjury, plaintiff has obtained certain preliminary advantage in that litigation. This copy (Italian complaint) appeared in the injunction proceedings and has never been denied.

The evidence is scattered all through the plaintiff's and defendant's case, showing that the plaintiff refuses to repair pens of other makes than its own, and, on that account, one of the defendant's experts (Miss Ayer, folios 4422, 4429). swore

that although the defendant's pens were superior to all others, and she sold them to her personal friends and customers in Boston, if a customer was about to travel abroad, she sold him an L. E. Waterman Co. pen because he could then get it repaired, because the L. E. Watermen pens were more generally sold on the Continent, and they were very nasty about repairing any pens other than their own. One expert indicated very plainly (fol. 4422) that she had known of the L. E. Waterman Company people deliberately injuring a rival's pen when presented for repair.

See fols. 4311-12, 4316-17, 4422, 4430, 4422, 4429-30, 4360.)

Plaintiff's attempted purchase of the Defendant's trade name "A. A. Waterman & Co."

It will be remembered that in 1898 the plaintiff obtained a decree against Arthur A. Waterman and Edward L. Gibson, co-partners, restraining them from doing business as "The A. A. Waterman "Pen *Company*," but expressly permitting them to do business as "A. A. Waterman & Co."

From 1898, for ten years, up to March, 1908, that decree was acquiesced in. It is now believed to have been a "consent" decree. Each side was satisfied, and there was no appeal. It bound, and still binds, all the parties. Neither side possessed anything distinctive except the name. Each bought his parts "from everywhere" and assembled them. Neither name represented the same product two months in succession.

By 1908 conditions had changed. The partnership of A. A. Waterman & Co., composed of Waterman, Frazer and Geyer, lost money—the Chapmans' money—from July, 1901, to June, 1905—and

this plaintiff made no complaint. Mr. Frazer was the manager and was a complete failure. Arthur A. Waterman, as traveling salesman, sold most of the goods. No wonder he wanted to get out of his earlier contracts and go into business for himself in the Western District. The common stock (the only voting stock) of the Frazer & Geyer Company was pooled so that it could not be voted except by the joint action of Frazer and Mr. Chapman, and Mr. Frazer had therefore the complete control of the company, and could not be ousted. His stock holdings were small, but his control was absolute; they could not get rid of him. He called for more money. The Chapmans owned a large majority of the stock of the Frazer & Geyer Company, and had advanced $30,000 on chattel mortgage, and were not willing to put more money into a sinking ship with Mr. Frazer at the helm.

The reorganization of 1905 occurred, and Mr. Martling was made manager. He was not a marked success. Mr. Geyer, who had always been looked upon as a mere bookkeeper, and who had never had Mr. Chapman's confidence, was put in as temporary manager until somebody else could be found. He proved to be marvelously successful, and under his regime the defendant has made money, and has not only extended its business, but every detail of manufacture has been attended to with such skill, and such new patents obtained and conveniences introduced, that the defendant to-day has the best equipped factory to be found and produces a pen of the best pattern and of the very finest quality that has ever been put on the market in any country by any concern.

About three years after the organization of the defendant, negotiations were entered into by Mr. Watson on behalf of this plaintiff *and on behalf of no one else*, for the purchase of all the assets,

patents, trade names, etc., owned or controlled by the defendant (fols. 4776-77, 4783, 4786). These negotiations continued from 1907 to 1909. They were broken off for a time, and the thread of the negotiations was several times taken up. The letters relating to this will be found in Defendant's Exhibits A-45-54 (pp. 1723-34), and in the testimony of Mr. Watson, Mr. Geyer, Mr. Spear and Mr. Williams. The amount of the purchase price was several times agreed upon. It was changed on account of the defendant having obtained new machinery later in the negotiations. The only apparent difference between the parties was the time within which the defendant was to dispose of the pen points on hand bearing the imprint "A. A. "Waterman & Co." The real reason why the matter fell through is indicated by the fact that the plaintiff endeavored to get the defendant to take, not cash, but notes, certificates of Aiken-Lambert Company and stock of A. A. Weeks-Hoskins Co., a concern that went into bankruptcy almost immediately thereafter. It is evident that the plaintiff did not have "real" money to complete the purchase (fol. 2245).

This attempted purchase of the trade name of "A. A. Waterman & Co." is relevant to this issue only to show that the plaintiff recognized the defendant's right to that name after Arthur A. Waterman had ceased to be a member of the firm, and during several years attempted to buy it. Like the decree of 1898, these negotiations are an estoppel. Besides, Mr. Watson's two draft agreements allege, affirmatively, that A. A. Waterman & Co. have a right to their name.

Mr. Watson tried to avoid the effect of these negotiations by saying that he did not represent the L. E. Waterman Company, but represented either the Aiken-Lambert Company or the Cana-

dian corporation of L. E. Waterman Company, Limited. After much quibbling we have learned from Mr. Ferris and from Mr. Kastner, manager of the Canadian company, that the L. E. Waterman Company owns nearly all of the other companies. The officers, directors and stockholders are substantially the same. There are no different officers and directors excepting dummies, so that it makes no particular difference for whom Mr. Watson was conducting these negotiations. Mr. Ferris swears that they did not want any machinery for the Canadian company. Mr. Watson says that it was the Canadian company for which the negotiations for machinery were had.

At best, F. D. Waterman, a nephew of the original Waterman and the only Waterman who has any substantial influence in the corporation to-day, was openly conducting these negotiations, and no one on the part of the defendant or their attorneys, had any suspicion that they were negotiating with anybody but the L. E. Waterman Company. (See testimony of Mr. Spear and Mr. Williams.)

In December, 1907, Mr. Watson prepared a draft proposed agreement. A few months later, Mr. Chapman wrote for a copy, and received another draft. These two agreements are substantially alike. Each is dated "December , 1907," but "the parties of the second" part are different: in one, Exhibit A-58 (p. 1724) the parties of the first part are "The Modern Pen Company, a corporation "under the laws of West Virginia, Frazer & Geyer "Company, a corporation under the laws of the "State of New York, *and A. A. Waterman & Co., a "co-partnership, composed of Isaac E. Chapman "and William L. Chapman,*" and the party of the second part is the "Aiken-Lambert Company, a "corporation duly organized and now existing un-

"der the laws of the State of New York." In the other contract (Exhibit A-59, p. 1727), the party of the second part is "The Modern Pen Company, "a corporation incorporated and organized under "the laws of the *State of New York,*" a dummy corporation that actually had not yet been incorporated, but was to have been incorporated by the plaintiff in order to take over the defendant's plant, good will, patents, trade names, etc. It was to be one more *alias* under which plaintiff was to do business.

The principal features of these draft contracts are that they were prepared by Mr. Watson, the attorney for the L. E. Waterman Co., and the following clauses are positive admissions that the defendant was entitled to the trade name of "A. A. "Waterman & Co."; that the plaintiff admitted it, and wanted to buy it.

We take the following extracts from Exhibit A-58 (p. 1724) which was to convey

> "Also the name and good will of the said "Modern Pen Company, of said Frazer & "Geyer Company and of the *firm name and "good will* of said A. A. Waterman & Co., "and all trade marks and *trade names* of the "parties of the first part, or either or any of "them, together with *the exclusive right to "use* the said corporate names, *said firm "name* said trade marks and *said trade "names*, or either or all of them to the full "extent as the said parties of the first part, "or either or any of them, could or might use "the same had this grant, sale and assign- "ment not been made * * *.
>
> "*And the parties of the first part hereby "covenant and agree* with the said party of "the second part *to warrant and defend* the

"said described property, trade marks and "*trade names* hereby sold unto the said party "of the second part, its successors and as- "signs, against all and every person, firm, "corporation or association whatsoever."

In Exhibit A-59 (p. 1727), Mr. Watson proposed to convey to his dummy corporation, to be called the Modern Pen Company (of New York), the following:

"Also the name and good will of the said "Modern Pen Company, of Frazer & Geyer "Company, and of the *firm name* and good "will *of said A. A. Waterman & Co.* and all "trade marks and *trade names* of the parties "of the first part, or either or any of them, "together with the *exclusive right* to use the "said corporate names, *said firm name*, said "trade marks and *said trade names*, or either "or all of them, to the full extent as the said "parties of the first part, or either or any "of them could or might use the same had "this grant, sale and assignment not been "made * * *.

"To have and to hold the same unto the "said party of the second part, its successors "and assigns forever, and *the parties of the "first part hereby covenant and agree* to and "with the said party of the second part THAT "THEY ARE THE OWNERS OF THE ABOVE DE- "SCRIBED property, trade marks and TRADE "NAMES and have good right to sell the same "and that they and each of them will war- "rant and defend the same free and clear of "all claims, liens or encumbrances of every "kind whatsoever, unto the said party of the "second part, its successors and assigns, and

"against all and every person, firm, corpora-
"tion or association whatsoever. * * *

"And the said parties of the first part
"covenant and warrant that no licenses or
"shop rights to operate or manufacture un-
"der said patents or any of them, have been
"given or granted by the parties of the first
"part, or either of them, to any person,
"persons, firm, corporation or association
"whatsoever except as contained in a certain
"contract made with one Arthur A. Water-
"man and dated , a
"copy of which contract is attached hereto,
"referred to and made a part hereof."

(This shows plaintiff's knowledge of the defendant's various agreements with A. A. Waterman, who was then hostile to defendants, because he had established himself in the Western territory without taking over and paying for (as required by Exhibit A-13) the show cases (worth several thousand dollars) scattered over his territory.)

The draft contracts are admissions against interest of the highest character.

Laches and Acquiescence.

Laches have a powerful moral and legal influence in equity litigation of this character, and the plaintiff has been guilty of *laches* of the worst kind.

Defendant maintains that the decree of September 3, 1898 (fol. 4829), being final in its character, not appealed from, and acquiesced in, became the law as to the plaintiff and A. A. Waterman, and his privies. That decree was for the benefit of A. A. Waterman, individually, as well as for the firm of A. A. Waterman & Co., as then constituted. It

created a legal status. It is not disputed that from that day to this, A. A. Waterman had been continually doing business, stamping his pens A. A. Waterman or A. A. Waterman & Co. After July 1, 1906, he continued so to do in the Western Division of North America. Mr. A. A. Waterman's assignee is as much his privy, and takes over his legal status, as did the L. E. Waterman Company become the privy of L. E. Waterman and take over his rights to trade names by his assignment to the plaintiff.

Plaintiff and defendant are each a privy by assignment, and whatever rights A. A. Waterman had under the decree of September 3, 1898, this defendant now has.

When the Messrs. Chapman put their money into the enterprise in 1901, they did it on the faith of the decree of September 3, 1898, in that for three years the plaintiff had not then complained.

Between 1901 and June 12, 1905, while the enterprise was losing nearly all of the capital put into it, plaintiff remained quiet and made no sign of disapproval.

When, in 1905, Mr. Frazer became bankrupt, the business was reorganized under a new management, and more capital put into it by the Messrs. Chapman, Mr. Frazer became the enemy of the new management and the friend of the L. E. Waterman Company, which knew of everything that was happening and even produced copies of the partnership agreements. Still they remained acquiescent. A year later, Mr. A. A. Waterman elected to take the Western Division of the American Continent and started into business for himself.

The present management continued from July 1, 1906, to November, 1909, without interference from the plaintiff, and during this time has spent hundreds of thousands of dollars in advertising;

have extended their trade throughout the world, and have become prosperous by reason of the fact of the marked superiority of their goods, every part of which is manufactured by itself out of the best material procurable, by the most skilful workmen that high wages can procure.

Still the plaintiff remained quiet.

During the years 1906, 1907 and 1908, plaintiff tried to buy out the trade name of A. A. Waterman & Co. and offered $10,000 for the trade name alone. Mr. Watson was the principal representative of the plaintiff. The correspondence speaks for itself. Mr. Watson submitted two separate draft agreements whereby the business was to be bought through dummy corporations to be organized, one of which was to bear the name of Modern Pen Company to be organized under the laws of New York—the defendant, Modern Pen Co. is organized under the laws of West Virginia. Those draft agreements expressly alleged the ownership of the trade name of A. A. Waterman & Co. in the present firm (Exhibit A-45—A-54).

It was found that L. E. Waterman Company was infringing one of the defendant's patents, and when this was called to their attention, they excused themselves on the express ground that they expected to control the patent and that therefore had begun the manufacture of pens under it (Exhibit A-50).

In short, during twelve years, the plaintiff not only recognized the defendant's rights by acquiescence, but in writing, and by affirmative acts.

We use the word "defendant" in a general sense to mean not only the Modern Pen Company, but A. A. Waterman & Co. and their privies.

All through these twelve years the defendant's business has been built up under the trade name of A. A. Waterman & Co., which name has become

more and more valuable as the years rolled by and the plaintiff continued to acquiesce in the decree of September 3, 1898.

The Cleveland and Saadi Litigation.

The most flagrant violation of business proprieties, if not legal ethics, is found in the litigation in Cleveland. The plaintiff had acquiesced in the decree of 1898. During three years (1907, '08, '09) it had sought to purchase the assets and good will of the defendant together with the *trade name* "A. "A. Waterman & Co.," but these negotiations had fallen through, evidently because the plaintiff had nothing with which to pay except the notes of a corporation that went into bankruptcy very shortly.

The Standard Drug Company, of Cleveland, was a total stranger to the defendant. It seems to have had two stores where fountain pens were sold. In one of them there was some evidence that a clerk had sold a "Parker" pen and called it an "Ideal." For this reason, they evidently had a technical cause of action against the Standard Drug Company.

In another of their stores a Mr. S. Teller rented a show case. He was nothing but a tenant. He sold all sorts of pens—those of plaintiff and defendant and other makes. There was some advertisement in the window wherein plaintiff claimed that "Waterman" pens were offered for sale without any distinguishing initials. This is denied (fol. 5061). Inasmuch as Mr. Teller sold goods of both plaintiff and defendant, and as he is comparatively an ignorant man as indicated by his letters, he undoubtedly thought that his advertisements were all right, no matter what they were.

The correspondence (Defendant's Exhibits A-17

to A-30, pp. 1681-1706) tells the whole story. First Watson & Raymond (Exhibit A-17, p. 1682, November 11) wrote a letter to the Standard Drug Company stating that they were beginning suit and speaking of no infringement excepting that "representation of a globe on fountain pens is a "duly registered trade mark of the L. E. Water-"man Company, and we find that you are adver-"tising fountain pens under the name of 'Globe "'special.' We have advised our clients that *this* "constitutes *unfair competition* in trade, and we "notify you to forthwith discontinue the use of "same."

This is the last that we hear of the "Globe spe-"cial." Mr. Teller immediately wrote to the defendant, telling of the suit; considerable correspondence followed, and the defendant wrote the Standard Drug Company a characteristic letter on November 18, 1909 (which see, p. 1684), wherein they told them that if they had been guilty of any of the offenses indicated in the complaint "You, "of course, have been doing what you have no right "to do, and there is nothing that we can do to "help you in this matter.

"If, however, you have been selling the goods "made by us and *distinctly stating or advertising* "*that they are pens made by A. A. Waterman &* "*Co.*, we will do the right thing in protecting you "and ourselves against unjust interference.

"Please give us the necessary information in re-"gard to the manner in which the goods have been "advertised and sold, and we will then take the "matter up further with you."

The correspondence dropped suddenly on November 23, until, on December 1, the attorney for the Standard Drug Company wrote a letter (Exhibit A-33, p. 1689) which sets forth the signs in the Standard Drug Company window, all of which

were perfectly proper. The letter concludes: "The "Drug Company feels that it is not the party to "be sued even if any one should be, and *don't like* "*to assume the* BURDEN of defending unless proper- "ly indemnified."

The defendant wrote the attorney on December 2, giving the information required, and there the matter dropped again, until December 15th, when Mr. Teller wrote Mr. Geyer that a judgment had been entered restraining the use of the name "A. "A. Waterman & Co.," and he demanded that all of defendant's pens should be taken back.

The complaint in that action is Exhibit A-28, page 1694; it *contains no reference whatever to* A. A. Waterman & Co.; is absolutely innocuous on its face, and A. A. Waterman & Co. would not have been permitted to intervene and defend if they had desired to do so, because the complaint has no reference whatever to them.

The final decree was entered by *consent* (fol. 5111), without the filing of an answer or an affidavit of any sort, and was evidently collusive between the Standard Drug Company and the L. E. Waterman Company. The injunction was very much broader than the relief prayed for in the complaint, and was strictly illegal and unprofessional. It enjoined the Standard Drug Company from selling goods marked "A. A. Waterman & "Co."

Of course, this "consent" decree bound nobody but the plaintiff and the Standard Drug Company, the defendant who had consented to it, *but*

This plaintiff caused this decree to be printed, with a big red seal, and attached to it a notice (Exhibit A-30, p. 1706) following:

To all whom it may concern:

Notice is hereby given, that *infringement* of our trade marks and trade names is *enjoined by the*

United States Circuit Court AS APPEARS *from the injunction, a copy of which is hereby served upon you.* All persons found indulging in unfair trade practices in violation of the terms of the injunction will be vigorously proceeded against.

L. E. WATERMAN CO.,
173 Broadway,
New York City.

WATSON & RAYMOND, *Attorneys,*
10 Wall Street,
New York City.

This printed decree and notice were scattered broadcast throughout the United States and Canada (see Ex. A-35, fol. 5123), and utilized by the plaintiff's salesmen who bulldozed innocent laymen in every instance possible, who, on reading the notice and the decree would, naturally, infer that this was a solemn judgment of a court that was binding upon everybody.

It requires reference to no printed statute, nor to any moral code, to teach any man of conscience that this was a contemptible, illegal and immoral proceeding, stabbing an adversary in the back.

It is very probable that the only collusion between the Standard Drug Company and the plaintiff was the fact that they were relieved from costs and the irritation of litigation. They cared nothing for the Modern Pen Company, which was a stranger to them, and they cared less for Mr. Teller, who was a mere tenant of whom, as subsequent events have shown, they were anxious to get rid.

However, later, and after the closing of the testimony in this case, the plaintiff proceeded against the Standard Drug Company for contempt, alleging that Mr. Teller was the agent, not the tenant, of the Standard Drug Company, and that he had

continued to sell goods marked "A. A. Waterman "& Co." The motion came up before Judge Killets, who rendered an opinion on May 6, 1911, wherein he refers to the order of the United States Circuit Court of Appeals in this litigation, reversing the order of Judge Hough, stating:

> "So that by reason of the review it has "been adjudicated that the complainant is "not entitled to the injunction as expressed "in the third paragraph. No review was "had of this *consent* order in this Circuit. "* * * The facts do not connect the "Standard Drug Company with the transac-"tions, unless it may be said that they are "responsible for the acts of Sol. Teller, their "tenant. In fact, there is at most here noth-"ing more than a technical contempt, or a "technical violation of an order *which it is "quite plain the Court would not now grant "under the same circumstances and which "we are very clear the Court granting it, "would not have granted*, HAD IT BEEN CON-"TESTED.
>
> "The application for a rule to show cause "is dismissed at the cost of the complain-"ant."

The plaintiff's motion to reargue was denied.

The plaintiff, emboldened by its success in its victory in obtaining the original Cleveland decree, immediately brought another similar action against John Saadi, of Washington, who had been advertising "The Royal Ideal Pen," and who also sold A. A. Waterman & Co. pens. The complaint in that action contained no reference whatever to A. A. Waterman or A. A. Waterman & Co. and, like the Cleveland complaint, was harmless on its face. This complaint, as was the Cleveland com-

plaint, was submitted to the writer, who advised the defendant that there was nothing in either complaint that referred to them, and that they could not defend or intervene, stating to them that no decree could be broader than the bill of complaint, and that there was nothing in the prayer for relief that would injure them.

In taking testimony in the Saadi case, it appeared that he had several stores and was doing business as "The Royal Ideal Pen Company, "Brooklyn, N. Y. Sales office, No. 602 9th Street, "N. W., Washington, D. C. Reg. in U. S. Patent "Office, No. 14975." (Defendant's Exhibit C, p. 1612.)

This Exhibit C was brought by Mr. Saadi to Mr. Geyer with the request that he should make some penholders for him of cheap quality that should bear the imprint "The Royal Ideal Pen," stating that he had a registered trade mark for that name. (This seems to have been error, as the registrations were for labels, not trade marks.)

Mr. Geyer, not being a lawyer and giving the matter no particular thought, made up a number of penholders bearing this imprint. The exact number, their cost and the profit of $21.60 are indicated in Exhibit A-16, p. 1680.

As a matter of fact, no more than *one gross* were ever sold (fol. 361), because as soon as Mr. Saadi was attacked, he sent back the pens marked "A. A. Waterman & Co." and himself removed the imprint on the penholders. Nothing but the holders were imprinted "The Royal Ideal Pen" (fols. 352-3, 356). Most of the completed pens, being very cheap, had the gold pen point marked "14 kt." only; a very few were of high enough grade to have the pen point marked "A. A. Waterman & Co."

As soon as suit was brought against Mr. Saadi,

and the matter came up in court, and the Judge expressed an oral opinion that the name "Royal Ideal Pen" was an infringement of the plaintiff's trade mark "Ideal," Mr. Saadi immediately discontinued the sale of any goods bearing that name or the name "A. A. Waterman & Co.," and has never sold either since. The few pen points bearing the name "A. A. Waterman & Co." were exchanged for those bearing the words "14 kt.," and the penholders had the name burned out, and were restamped with some other name. The entire infringement of the word "Ideal" was inadvertent, was not known to any person who was then an officer of the defendant, and no man regrets it more than the defendants themselves. The injury to the plaintiff has been substantially nothing. Only 144 of these were sold (fol. 361). The profits on the *full* bill were only $21.60, but this was a profit not only on the manufacture of the penholders, but on the pen point as well, and upon *all* of the goods, even those on which the imprint "The Royal Ideal pen" had been removed so that the actual profits on pens that were ever sold to the public was merely nominal.

This demand of a pound of flesh is in marked contrast with defendant's treatment of plaintiff when it deliberately infringed several of defendant's patents (see correspondence, pp. 1719-22).

The evidence taken in the Saadi case showed the plaintiff that this small order of "Royal Ideal pens" had been manufactured by the defendant, and they thereupon amended their complaint, made a new motion for a preliminary injunction before Judge Hough, after having been defeated in a similar motion by Judge Coxe.

The Circuit Court of Appeals had handed down its opinion just before the final decree was to be entered in the Saadi case. New York communi-

cated with the Washington attorneys, who asked Judge Stafford to delay signing the decree until they could get a copy of the opinion. This was done, and Judge Stafford struck out of the final decree the paragraph relating to A. A. Waterman & Co. (fol. 394), but he seems to have neglected to strike out other offensive parts of the decree (fol. 398), and the anomaly is presented of a United States Circuit Court Judge striking out a paragraph of his decree which prevented the use of "A. A. Waterman & Co.," but leaving it in other parts of the decree, so that Mr. Saadi is still enjoined from selling pens bearing this trade name of "A. A. Waterman & Co.," even though a Circuit Court of Appeals had decided otherwise. We know of no explanation for such an anomalous decree.

If the profits of this inadvertent violation of the trade mark "Ideal" are to be determined by actual results, they are far less than nothing, for Mr. Saadi has taken advantage of this fact to ignore all dunning letters, and he still owes $235.15, which more than covers all of the product marked "The Royal Iedal Pen." (See exhibits, p. 1781.)

Plaintiff's Infringement of Defendants Patents.

The unbusinesslike, not to say unprofessional, methods of this plaintiff, as indicated above, are in marked contrast to the methods of this defendant, as exemplified in the correspondence relating to the plaintiff's infringement of the defendant's patents. These are Exhibits A-50 to A-57, pages 1719-22. Mr. Bacon's letter to the complainant, April 20, 1908 (A-50, p. 1719) contains the following:

"I have been directed by my client, the

"Modern Pen Company, to bring an action "against you for an infringement of their "patents Nos. 523,234 and 551,895, in the "manufacture of what you call a 'safety "'fountain pen' as advertised in the 'Cos-"'mopolitan.'

"*I presume that you have not yet manu-"factured many of these infringing pens "and I call your attention to the matter of "infringement, presuming that it was* IN-"ADVERTENT, *and that you will discontinue "such manufacture.*"

The plaintiff replied on April 30:

"We beg to say that we had no idea of "infringing anybody's rights, and if our at-"torney advises us that we are infringing "we will immediately discontinue the same" (fol. 5157).

On May 19, Mr. Bacon wrote to the plaintiff:

"Since the receipt of your letter promis-"ing to examine into the matter and advise "me further, I notice that your advertise-"ments have continued, and my client ad-"vises me further that you are infringing "their patent No. 719,529 on 'sleeve' type "of Self-filler.

"They also advise me that you are appar-"ently infringing their patent 700,909."

On May 21, the plaintiff answered (Exhibit A-56, p. 1720):

"We beg to say * * * *relying on the "fact that our Company would become a "licensee under the patents transferred by "the sale referred to*, this Company began

"the manufacture of a safety fountain pen "which is the one of which we assume you "complain. These negotiations of sale were "still pending at the time we received your "letter of April 29, 1908. * * * As soon "as we learned that these negotiations of "sale had been broken off, we forthwith en- "tirely discontinued the manufacture and "sale of the safety fountain pen as then con- "structed and of which we assume you com- "plain. Of the safety fountain pens of "which we assume you complain only a few "have been sold, probably less than a dozen. "* * * We are taking the course above "indicated merely to avoid litigation and "the trouble and expense incident thereto, "as we feel we can devote our time to better "advantage in attending to the immediate "business of this Company than in liti- "gation." (A feeling since apparently changed.)

"We are now using for our safety foun- "tain pen a construction or structure which "our predecessors in business used more "than TWENTY YEARS AGO *and which has "been commonly and continuously used for "pencils and fountain pens since* 1852, *and "of which we assume you claim no monop- "oly."* (This, like their principal "under "the finger-joint" pen, is slightly out of date; defendant's pens are 1911, not 1852.)

This correspondence relating, not to an *inadvertent* infringement, but a *deliberate* infringement based on a presumed sale of patents and trade name not yet consummated, and which was not consummated because, apparently, the plaintiff had not the money to pay the price, shows the

politeness and consideration extended by the defendant, and is in marked contrast with the ungentlemanly and unprofessional proceedings of the plaintiff in relation to the defendant's infringement in the Saadi matter, which was purely inadvertent and inconsequential.

Plaintiff knew well that in the first brief at Appellate Division, First Department (before this suit was begun), A. A. Waterman & Co. had expressly admitted and alleged the plaintiff's right to the trade mark "Ideal" (130 N. Y. 301, 312) (fols. 4794-99), although they disclaim the plaintiff's right to the trade mark of the family name "Waterman" and that claim was also ignored in 130 N. Y. 301. Of course, defendant has always recognized plaintiff's exclusive right to the name "L. E. Waterman."

No one regrets more than the defendant the unintentional, inadvertent marking of a few penholders (one gross) (fol. 361) "Royal Ideal Pen." The marking was discontinued at once, when attention was called to it, and the defendant offered to pay far more than the damage arising from the sale of a few of these pens, which were sold at about fifty cents apiece for the entire pen (p. 1680).

Plaintiff's Exhibit 9.

Plaintiff tries to distort Exhibit 9 (p. 841) into an abandonment by defendant of the name "A. A. "Waterman & Co." This notice does not say what plaintiff claims it does, and it is explained:

The notice says, "We will drop the name 'A. A. "'Waterman & Co.' *from the Modern line.*" When Mr. Martling was manager he conceived the idea of confining the name "A. A. Waterman & Co." to other makes than the "Modern," but it was found

that the dealers requested the old marking. At the same time that a few thousand of Exhibit 9 were issued, 50,000 of Exhibit A-43 (p. 1716) were issued; that is, in every catalogue in which Exhibit 9 was sent out, there was also sent out Exhibit A-43. There was no intent to abandon the defendant's name and the circular does not say so. There is no question whatever that from 1898 to 1910, pens have been manufactured and sold every working day, imprinted "A. A. Waterman & Co."

The Lockwood Issue.

See Judge Hand's opinion (pp. 1861-1863).

Late in the proceedings the plaintiff produced a witness, Stevens, who swore to an incident in Mr. A. A. Waterman's business career, immediately after the dissolution of Waterman's partnership with Gibson in 1899, and before Waterman combined with Frazer & Geyer Company, which were then manufacturing pens.

This testimony has no significance, except that it was not known at the time affidavits were presented to Judge Hough on the motion for a preliminary injunction. It has no probative force and would amount to nothing if it had. The facts relative to those few months and weeks, in 1897, are irrelevant.

The testimony of Stevens as to the alleged assignment to Rhodes Lockwood, was very hazy. Lockwood is dead. The alleged written assignment had been destroyed and the cross examination of his secretary, who pretended to remember something about this assignment, revealed the fact conclusively that he had no positive recollection of what the so-called assignments were.

This "new" Lockwood issue is as follows:

Rhodes Lockwood, like E. H. & P. Day Co., in

Connecticut, manufactured rubber holders for the so-called "manufacturers" of pens. At first he did business under the trade name of "Davidson Ruf-"ber Company" (fol. 2395); later, under the trade name of the Sterling Fountain Pen Company (fol. 2397), and the Sterling pen continues to be manufactured to this day.

Waterman and Gibson had but small capital. Mr. Lockwood furnished them with the holders for pens. They bought pen points from different persons and assembled the parts, *i. e.*, they were "manufac-"turers" in the same sense that the L. E. Waterman Company is a manufacturer of its pens to-day.

To secure Mr. Lockwood for his advances, A. A. Waterman & Co. (Waterman and Gibson) assigned to him their monthly accounts, and when they finally dissolved in February, 1899, Lockwood took over the stock on hand and sold it as it was then marked, "A. A. Waterman & Co." Mr. Gibson went with him as an employe, and he then began the manufacture of the Sterling pen. He never manufactured any new material marked A. A. Waterman & Co.

Mr. Waterman immediately proceeded to manufacture his own pens and marked them "A. A. Wa-"terman, maker, Boston." That is all there is to the very hazy testimony given by Mr. Stephens long after Mr. Lockwood's death and long after all papers in connection with the matter had been destroyed.

A. A. Waterman & Co. never assigned any trade name or anything else to Mr. Lockwood except certain accounts and, finally, the remaining stock on hand, to pay their indebtedness. To show this we present the following extracts from Stevens' testimony:

(Fol. 2429) "XQ. 253. Before that Wa-

"terman & Co. did the selling? A. There are "two parts to manufacturing fountain pens. "Mr. Lockwood manufactured the hard rub- "ber holders complete and Mr. Waterman "bought the gold pens and fitted the holders, "so that really both of them were doing man- "ufacturing business. * * *

(Fol. 2431) "XQ. 261. Then, while you "are not prepared to swear that there was "ever any assignment of the trade name of "A. A. Waterman or A. A. Waterman & Co., "you are prepared to swear that on and "after February, 1, 1899, Mr. Waterman con- "tinued to use his own name in the manu- "facture and sale of fountain pens, while "Mr. Lockwood did not? A. Mr. Lockwood "continued to use that name for five or six "years.

"XQ. 262. Only in disposing of the old "stock? A. That is all.

(Fol. 2410) "XQ. 166. The circular [of "A. A. Waterman, 1899] further states: "'Mr. Gibson had a position with the Ster- "'ling Fountain Pen Company, then starting "'in business, having acquired certain "rights from the business of A. A. Water- "'man & Co., while I continued as sole "'maker of fountain pens bearing my name "'and guarantee;' was that true? A. Yes.

"XQ. 167. Then Mr. Gibson went with "the Sterling people? A. Yes.

"XQ. 168. With Mr. Lockwood? A. Yes.

"XQ. 169. And Mr. Waterman continued "by himself? A. Yes.

"XQ. 170. And had no relations after that "with Mr. Lockwood at all? A. He bought "some goods.

"XQ. 171. That is all? A. That is all.

"XQ. 172. And Mr. A. A. Waterman con-
"tinued as sole maker of fountain pens bear-
"ing his name and guarantee? A. Yes.

"XQ. 173. Then the statements in this
"circular are true? A. So far as I know.

"XQ. 174. Then after February 1, 1899,
"Mr. Lockwood never had anything to do
"with Mr. A. A. Waterman, except to sell
"him some goods? A. That is all, and those
"pens were not marked A. A. Waterman &
"Co.

"XQ. 175. How were they marked? A.
"A. A. Waterman, maker.

(Fol. 2427) "XQ. 241. Are you willing to
"swear that that assignment was not merely
"for security for advances by Mr. Lockwood?
"A. No, sir.

"XQ. 242. It may have been for security
"only? A. It was to protect Mr. Lock-
"wood. * * *

(Fol. 2428) "XQ. 246. You are not pre-
"pared to swear that that so-called assign-
"ment was not in the nature of a security to
"secure advances? A. No, sir."

Frazer & Geyer never knew anything about Mr. Waterman's connection with Rhodes Lockwood before this very vague testimony of Mr. Stephens'.

The undisputed facts remain, that from the moment of the dissolution of A. A. Waterman & Co. (Waterman and Gibson), A. A. Waterman continued to manufacture and sell pens marked "A. "A. Waterman & Co., Boston," while Rhodes Lockwood did nothing but sell off the stock on hand, already marked with the name "Waterman." After a few months, A. A. Waterman formed a new copartnership, and during all these years has openly manufactured, advertised and sold pens under the

trade name of "A. A. Waterman & Co., New York," while Rhodes Lockwood, up to the time of his death, manufactured pens under the name of Sterling.

The fact is that the original firm of A. A. Waterman & Co. bought their pen holders of one party (Lockwood) and their pen points of others, just as this plaintiff does to this day, and merely assembled the parts. Rhodes Lockwood furnished the firm with part of its goods, and, perhaps, some cash, and when the firm dissolved, Rhodes Lockwood took over the stock on hand in payment of his debt. That is all there is to it. The whole story is told in the three circulars found at pages 578, 579 and 580.

THE ITALIAN DECREE.

Brief for Defendant on Supplemental proofs, not Presented until the Day of the Hearing before Judge Hand.

The defendant contends that the decree is not admissible in evidence.

[1.]

(a) because not properly proved;

(b) because it in no way binds the alleged intervener, A. A. Waterman & Co., and there is no sufficient proof of any such intervention;

(c) that it is absolutely incompetent, and of no effect against this defendant, who was neither a defendant nor an intervener in the Italian action.

(d) that it is not pleaded as *res adjudicata*, and not competent as an estoppel.

(e) the so-called decree determines no question of fact, merely interprets an American contract according to Italian law, without the aid of evidence, and refuses the aid of decisions of American courts in such interpretation.

(f) "*Want of Finality.*—A foreign judg-"ment is not available as a cause of action "or defense unless final and conclusive in "the place where rendered."

23 Cyc., 1611.

(g) "*Pleading and Exhibiting Foreign "Judgment.*—A plea of a foreign judgment "should contain enough to show the compe-"tence of the foreign court, and should set "forth that the judgment was duly given or "made, that it was on the merits and *con-"clusive* between the parties where rendered, "and that it remains in full force and un-"paid. Parol evidence is admissible to show "what matters were submitted to and passed "upon by the Court, but the construction "and effect of the judgment itself is a mat-"ter of law for the Court. The judgment "should be authenticated by the seal of the "Court, if any, the certificate of the officer "in whose custody the record remains, the "attestation of the principal judge of the "Court to the official character of the per-"son certifying and the whole fortified by "the certificate of the executive department "of the country and the impress of its great "seal."

23 Cyc. 1611.

[2.]

If the Italian record is admissible in evidence in any theory, neither it nor the conlusions pur-

porting to be contained therein, are binding against this defendant as to any of the issues in this action.

(a) because equity decrees are not binding as common law decrees are;

(b) because the interpretation of an American contract made in New York, between American citizens, and constituting purely a question of law, heretofore decided and determined, as to the law, by the United States Circuit Court of Appeals, is solely a question of American law as to which contrary interpretations by foreign courts have neither conclusive, controlling nor persuasive effect upon our courts;

(c) because the decision of any other court, in an action begun after the beginning of this action, and made after the taking of proofs herein, is not entitled to any recognition in this action, either by rules of comity or otherwise. The rules of comity, according to our United States Supreme Court, require that the Court first having jurisdiction of a cause is the one Court to decide the issues thereof, and the rules of comity precluded the Italian courts from deciding these issues while this action was pending;

(d) because the plaintiff, having *first* elected *this* forum, for the determination of these issues, and the parties having taken their whole proofs therein, before the Italian decree was granted, the plaintiff was estopped from seeking to have another day in a foreign court, and is estopped from urging its own wrongful act and the judgment of a foreign court in an action *subsequently commenced*, as a bar to this action or as an estoppel.

Plaintiff cannot put upon this Court the burden

of determining these issues, and then bar this Court from deciding those very issues by his wrongful act in subsequently beginning another action in a foreign jurisdiction.

(e) The Italian decree is interlocutory only, in that it leaves open certain questions as to which testimony is to be taken before a judge designated in Exhibit 144 (see pages). Only final decrees of foreign courts are recognized by us. Italy fails, according to the Italian opinion (decree) and the testimony of Mr. Accetta to give our interlocutory decrees recognition. Under the rule of reciprocity as enunciated in *Hilton* v. *Guyot*, 159 U. S. 113, we do not give their interlocutory decrees recognition.

(f) The decree is not a bar as *res adjudicata*, because not pleaded. It is not an estoppel because it is an equity decree, not a judgment for some fixed sum of money determined after a litigation as to facts. It does not purport to determine a controverted fact, merely to interpret an American contract between Americans, according to Italian law, without the aid of American law, or of any evidence, written or oral, to explain the contract or the prior relations of the parties.

(g) There is no judgment roll—no pleadings to determine the issues.

(h) The decree shows on its face that it is not final; that it repudiates the American law as laid down by our own Circuit Court of Appeals; that no issue of fact was determined, merely a contract interpreted.

(i) This defendant did not intervene in Italy and is not bound by a decree wherein it was not represented.

POINT I.

The Italian decree is not properly authenticated and is not admissible in evidence.

The law as to this has been settled since 1804, when Chief Justice Marshall, in *Church* v. *Hubbart*, 2 Cranch 187, at page 238, laid down the following rules which have never since been questioned. He says:

> "Foreign judgments are authenticated:
>
> "1. By an exemplification under the "great seal;
>
> "2. By a copy proved to be a true copy;
>
> "3. By the certificate of an officer au- "thorized by law, which certificate must it- "self be properly authenticated.
>
> "These are the usual, and appear to be "the most proper, if not the only, modes of "verifying foreign judgments. If they be "all beyond the reach of the party, other "testimony inferior in its nature might be "received. But it does not appear that "there was any insuperable impediment to "the use of either of these modes, and the "Court cannot presume such impediment to "have existed. Nor is the certificate which "has been obtained an admissible substi- "tute for either of them.
>
> "If it be true that the decrees of the "colonies are transmitted to the seat of gov- "ernment, and registered in the department "of state, a certificate of that fact under "the great seal, with a copy of the decree "authenticated in the same manner, would "be sufficient *prima facie* evidence of the "verity of what was so certified; but the

"certificate offered to the Court is under the "private seal of the person giving it, which "cannot be known to this Court, and of con- "sequence can authenticate nothing. The "paper, therefore, purporting to be a seques- "tration of the Aurora and her cargo in "Para ought not to have been laid before "the jury.

"Admitting the originals in the Portu- "guese language to have been authenticated "properly, yet there was error in admitting "the translation to have been read on the "certificate of the consul. Interpreters are "always sworn, and the translation of a con- "sul not on oath can have no greater valid- "ity than that of any other respectable man.

"If the Court erred in admitting as tes- "timony papers which ought not to have "been received, the judgment is, of course, "to be reversed and a new trial awarded."

For the foregoing reasons, Exhibits 143 and 144 —the latter necessarily dropping with the former —are incompetent and should not be received in evidence by the Court.

The copy, Exhibit 143, was not proved to be a true copy by a witness who personally compared it with the original record in the proper custody. That is the method of proving a copy to be a true copy (see 1 Paine U. S. 594).

Exhibit 143 is not (1) an exemplified copy (2) nor a sworn copy (compared with the original on file in Milan) (3) nor a copy certified and duly authenticated.

Even a duly authenticated copy judgment, standing alone, is not sufficient. The judgment roll must be produced.

"While a copy of the judgment alone of "a foreign tribunal may be sufficient to es- "tablish the fact that such a judgment has "been rendered, the entire record must be "produced when it is sought to establish "anything more than this."

Am. & Eng. Enc. of Law, Vol. 13, p. 1040.

POINT II.

Comity: — The law laid down in *Hilton* v. *Guyot*, 159 U. S., 113.

All of the cases cited by Judge Gray in *Hilton* v. *Guyot*, 159 U. S. 113, refer to actions on judgments for fixed sums of money. We do not think that any of them relates to a defense based on such judgment, or to any equitable cause of action —it seems that in every case cited, the action was either in debt based on the judgment, or on a foreign judgment based on a debt. As Judge Gray points out, the underlying reason for the alleged rule of comity, is the desire of the courts, in the interest of public policy, to terminate disputes, and their desire to hold that a man having once had a day in court, is precluded from again litigating the same issues of fact.

That reason cannot properly apply in this case. Here the litigation between American citizens relating to a contract made in the United States for a business conducted in the United States, and to be interpreted according to the law of the United States, was started before the Italian litigation and was started by plaintiff. It was therefore in the United States that the proofs of the parties should be made. It is not in accordance with our public policy to permit our own courts to be ousted of the decision of such issues by recognizing the right of

one of the litigants thereto, to begin a subsequent action in a foreign court looking to the same relief, and then to state that the decision of the foreign court is binding on us. It seems like a contempt of court to attempt to oust it of jurisdiction in a case, where it first acquires control, by such methods. Surely one who has himself started our legal machinery in motion, may not stop the machine by reason of a decree subsequently obtained in a foreign court by himself in his own favor, in an action begun after the American suit. The plaintiff was getting its full hearing on the merits in America, and having invited that litigation, cannot defeat the results thereof by choosing another day in Italy. See Point III.

> "p. DECREE IN EQUITY.—The rule as to "the conclusiveness of foreign judgments ex- "tends to decrees in equity, and in every "case in which an action of debt could be "maintained upon a foreign judgment at law "*for the sum of money awarded* by such "judgment, a like action can be maintained "upon a decree in equity, *which is for an "ascertained and specific amount*, and noth- "ing more, and the record of the proceedings "in the one case must be ranked with and "responded to as of the same dignity and "binding obligation with the record in the "other. BUT SUCH AN ACTION CANNOT BE "MAINTAINED ON A DECREE OF A COURT OF "EQUITY FOR THE PERFORMANCE OF ACTS "OTHER THAN THE PAYMENT OF MONEY."
>
> Am. & Eng. Enc. of Law, Vol. 13, p. 1008.

At the bottom of page 202 and top of 203, Judge Gray, in *Hilton* v. *Guyot*, states that in view of all the authorities and the trend of judicial opinion, here and in England, we

> "are satisfied that where there has been op-
> "portunity for a full and fair trial abroad
> "before a Court of competent jurisdiction
> "* * * and under a system of jurispru-
> "dence likely to secure an impartial admin-
> "istration of judgment between the citizens
> "of its own country and those of other coun-
> "tries, and there is nothing to show either
> "prejudice in the court or in the system of
> "laws under which it was sitting, or fraud
> "in procuring the judgment, or any other
> "special reason, why the comity of this na-
> "tion should not allow it full effect, the
> "*merits of the case* should not, in an action
> "*brought in this country upon the judgment*,
> "*be tried afresh* as on a new trial or an ap-
> "peal, upon the mere assertion of the party
> "that the judgment was erroneous in law or
> "in fact."

That is really the gist of that long opinion. The Court is careful to note that the merits should not be tried afresh in an action based on the judgment, but this action was begun and tried, substantially, before any judgment was rendered in Italy. The cause is not being tried afresh. Surely this should be one of the special reasons noted in the opinion why the comity of this nation should not allow the Italian decree full force and effect.

We grant full force and effect in an action brought on a foreign judgment, denying the parties the right to relitigate the *facts*, but we are not bound to recognize, and should not recognize, in point of principle, any binding force in a decree rendered in a foreign court in an action instituted after the American action was started and where the issues have been litigated in America, and merely await consideration and determination, and

which does not determine any fact, merely interprets an American contract between Americans.

At page 196 of the opinion in *Hilton* v. *Guyot* (bottom), we find that the English courts hold that foreign judgments should not be questioned either because the foreign courts had mistaken *its* own law, or come to an erroneous conclusion upon the facts. At page 197:

> "It was formerly understood in England "that a foreign judgment was not conclusive "if it appeared upon its face to be founded "upon a mistake or disregard of *English* "law, and *Simpson* v. *Fogo* is cited where "England refused to recognize the Louisiana "judgment because the Louisiana court had "declined to recognize the title of the mort- "gage of an English ship under the English "law" (see pages 197-198).

The Italian court did not extend comity, but repudiated the law as laid down by Judge Noyes.

Judge Noyes, in his opinion in this action, reversing Judge Hough as to the preliminary injunction (see plaintiff's record, pages 1116, 1117) stated that it was

> "clear that the partnership to which A. A. "Waterman was a member had the right to "use the name of A. Waterman & Co. in "connection with their business and to *so* "mark their pen. The decision of the Su- "preme Court of the State of New York *in* "*which all parties acquiesced for many* "*years* was in accordance with principles "now well established by decisions of the "Supreme Court of the United States (*i. e.*, "it was expressly held that to mark the pens "'A. A. Waterman & Co.' was sufficient).

> "Similarly, said Waterman had the right "to transfer to his former partners in con- "nection with the reorganization and sale of "the business, the right to continue to use "his name."

The law as laid down by the Circuit Court is the law of this case. The Italian courts have no right to go beyond that case and to hold that the agreement of June 12, 1905, was illegal under the Italian law when it had to do solely with American citizens and an American business. No question has been raised by A. A. Waterman as to that contract. Yet the Italian court states that because such an interpretation is "settled by "precise rules of *our* (Italian) positive law" they cannot give recognition to the decrees of the Circuit Court and Circuit Court of Appeals (page 26, supplemental record).

It must have been for that reason and not because the Circuit Court judgment was not acknowledged that it was given no judicial standing in Italy. The Italian court further states that Judge Noyes came to his conclusion on the "supposition" that the firm of A. A. Waterman & Co. had the right to use this firm name under the terms of a contract with Waterman, and then states that this very question, left undecided by our courts, was the one for Italy to determine, and to see whether A. A. Waterman actually, seriously, and effectively, became a partner of said business so as to give him the right to assume his own name in the firm name.

The reading of the remainder of the so-called opinion (decree) indicates conclusively that the Italian courts gave absolutely no faith, credit or standing to the opinion of Judge Noyes, and assumed to determine, as a matter not to be affected

by the opinion of Judge Noyes, the construction of the contract of June 12, 1905, and the intent of the parties as evidenced by said contract. We must respectfully insist that the interpretation of an unambiguous written contract made in the City of New York, relating to a business here conducted, the parties to which were all American citizens, creates wholly a question of American law, the decision of a foreign court on which has neither conclusive, *prima facie* nor persuasive effect. It would be ridiculous to assume that the straight ordinary contract for services at will, made in New York in proper circumstances, could, by reason of a decree rendered in China, or Italy, be conclusively held in New York to be a partnership contract lasting for a certain number of years, or to be a chattel mortgage, or a will.

While the parties may have only one opportunity to litigate facts, the American courts do not conclude those parties in a case like this, from having determined here according to our law, the pure question of law arising out of an unambiguous written American contract, as to which no question of fraud, in its procural, is made.

It is simply farcial to argue that an Italian court can state that an agreement providing that profits and losses should be shared equally, does not constitute a partnership agreement.

There is no question whatever that in America a man can enter into a partnership and, within a month, can sell his name, if he so desires. He can thus prevent himself from ever using his own name again (see the Taussaud case). He can sell his name to strangers (see numerous cases). If he cannot use his own name, sold to another for a valuable consideration, certainly a stranger has no right to complain—what business is it to this plaintiff, whether Mr. A. A. Waterman is still in the firm of that name or not?

This plaintiff allowed Mr. A. A. Waterman to go on for ten years and when a large business has been built up, steps in and complains because a stranger has sold his trade name to his continuing partners. The laches are gross and inexcusable. If the plaintiff wished to avoid the confusion necessarily attendant upon the use of similar names, it should not have selected a family name for trade purposes—a name not the subject of a trade mark.

This is the American law and the Italian court is a little presumptuous in attempting to interpret an American contract according to Italian law, and it is more presumptuous for plaintiff to attempt to ask American judges to be guided by it.

If the Italian court had rendered judgment on a promissory note for the fixed sum of $1,000, the judgment would, if properly exemplified, be perhaps, a *prima facie* foundation for an American suit, if properly pleaded, but no foreign equity degree merely interpreting an American contract will be recognized either as a bar or an estoppel, or as even persuasive.

Lang v. *Holbrook* (1837, U. S. District Court for Pennsylvania); Crabbe (U. S.), 179, headnote states:

> "Where a foreign court, not of admiralty, "has decided a case on different principles "from those here recognized, and leading to "a different result from what would be here "arrived at, though professedly according to "our law, this court is not concluded by such "decision."

POINT III.

The determination of this action cannot be affected by the decision in any other action subsequently brought.

The law was early declared by our United States Supreme Court and never departed from.

See

Wallace v. *McConnell*, 13 Peters. 136.

There an action was pending on a note in United States District Court for Alabama. An action for the attachment of debt founded on the note, was then instituted in the Alabama State Court and judgment rendered thereon.

The United States Supreme Court held, per Thompson, *J.* (150):

> "The plea shows that the proceedings on "the attachment were instituted *after* the "commencement of this suit. *The jurisdic-* "*tion of the district court of the United* "*States, and the right of the plaintiff to* "*prosecute his suit in that court, having at-* "*tached, that right could not be arrested or* "*taken away by any proceedings in another* "*court.* This would produce a collision in "the jurisdiction of courts that would ex- "tremely embarrass the administration of "justice. If the attachment had been con- "ducted to a conclusion, and the money re- "covered by the defendant *before the com-* "*mencement* of the present suit, there can "be no doubt that it might have been set "up as a payment upon the note in ques- "tion. * * * The attaching creditor "would, in such case, acquire a lien upon

"the debt, binding upon the defendant, and "which the courts of all other governments, "if they recognize such proceedings at all, "would not fail to regard. If this doctrine "is well founded, the priority of suit will "determine the right. *The rule must be "reciprocal;* and when the suit in one court "is commenced prior to the institution of "proceedings under attachment in another "court, such proceedings cannot arrest the "suit and the maxim *qui prior est in tem-"pore, portior est in jure*, must govern the "case.

"This is the decision of this Court in the "case of *Renner* v. *Marshall*, 1 Wheat 216, "and also in the case of *Beaston* v. *Farmers' "Bank of Delaware*, 12 Pet. 102; and is in "conformity with the rule that prevails in "other courts in this country, as well as in "the English courts; it is essential to the "rights of the garnishee; and will avoid all "collisions in the proceedings of different "courts, having the same subject matter be-"fore them. 5 Johns. 100; 9 *ibid.* 221, and "the cases theer cited. In the case now be-"fore the Court, the suit was commenced "prior to the institution of proceedings un-"der the attachment. The plea was there-"fore, bad, and the demurrer properly sus-"tained."

See also

American Bank v. *Snow*, 9 R. I. 11.

POINT IV.

ITALIAN DECREE.

The Witness Accetta was admitted to the lower courts only and is not a competent witness to testify concerning a decree rendered in the higher courts as the decree claims to have been.

The testimony of Accetta shows that there are two points still left open in the Italian litigation (fols. 5419, 5422). He first stated positively that they referred to the assessment of damages (fol. 5427). On cross examination he testified that the assessment of damages was merely his impression, but without examining the briefs he could not state what particular points were left open (fol. 5438). His whole testimony shows his ignorance of the Italian procedure.

The Italian decree is interlocutory only and not final. The Italian courts do not recognize our interlocutory decree (see opinion of the court [p. 27 of supplemental proofs] and testimony of Mr. Accetta [fols. 5460, 1, 5465]). Under the rule laid down by Judge Gray in *Hilton* v. *Guyot*, the principle of reciprocity is ever dominant, and since Italy does not recognize our interlocutory decrees, we cannot recognize its interlocutory decree.

At page 26 of the plaintiff's supplemental proofs we find that the Italian court states that the underlying motives for its decision

> "are settled by precise rules of *our* positive
> "law which prevent the recognition *in Italy*
> "of the legal effect of the decision of July 14,
> "1910, of the North American District Court
> "for the Southern District of New York"

and likewise that of the Circuit Court of Appeals for the Second Circuit which, interpreting the agreement of June 12, 1905, concludes that thereunder the defendants have an absolute right to the use of the name of A. A. Waterman & Co.

If the foregoing language quoted from the opinion does not show that Italy does not recognize our decrees and decisions, even as between our own citizens, where such decrees are contrary to "precise rules of our (Italian) positive law" then it is hard to understand what the court means. The whole decree is peculiar. It would appear from page 19 of the supplemental proof that the question decided by the Italian court was whether or not the contract of June 12, 1905—having no reference to the Italian territory or sales therein —was sufficient to permit the use of the name of A. A. Waterman—not A. A. Waterman & Co.— under articles 5 and 12 of the Italian Laws of August 10, 1868, and articles 296 and 297 of its Penal Code, and 1151 of its Civil Code.

The Italian court looks upon the Italian action as one where the plaintiff demands "a decision declaring the legal invalidity of the instrument dated June 12, 1905" (recorded in Milan under Nos. 22975 to 22986), under which Cabrini used the name A. A. Waterman in selling fountain pens in competition with the plaintiff, but nothing is said as to the name of A. A. Waterman & Co., the use of which is sought to be enjoined in this action (page 24 of supplemental record).

The defendant never claimed the right to the use of A. A. Waterman standing alone. And the relief that the plaintiff in the Italian action demanded was such injunctions and penalties as are provided for in articles 5 and 12 of the Italian law of August 10, 1868, and in articles 251 of the Civil Code and 370 of the Code of Civil Proced-

ure, as the result of such unlawful practice (pages 24, 25 supplemental proof). It will therefore be seen that the plaintiff in the Italian action merely claims certain rights under local Italian laws. But it would be monstrous to suppose that the court of any country having a peculiar law could by its decision, based on such law, wipe away valuable contract rights which even the Congress of the United States or the legislature of any state could not do. Of what possible value would a contract right be, if by bringing an action in Siam or Java, a decree could be had under its own peculiar law holding the contract ineffectual?

The Court should read carefully the Italian record, and it will note throughout that what the plaintiff sought was an injunction restraining the use of the name of A. A. Waterman and not that of A. A. Waterman & Co.

That the judgment is purely interlocutory is shown in the concluding portion of the opinion and decree which states:

> "Whereas there is occasion to reserve the "determination of the costs in the case to "the final decision. * * * The L. E. Wa- "terman Company, of New York, is allowed "to prove by witnesses the circumstances "detailed in the two interrogatories em- "bodied in its conclusions and herein before "literally transcribed, the recording judge "being appointed to take the evidence. Costs "reserved."

What are those two interrogatories?

There can be no final judgment in an action where there are still questions outstanding requiring additional testimony to support the contentions of the parties thereto.

A final judgment means finality as to all the

issues. With questions of fact still open, it cannot be final. This Italian decree, so-called, is no more a final judgment, ultimately determining the rights of the parties, than were the decrees of our United States Circuit and Circuit Court of Appeals, which Italy declined to recognize because they were interlocutory only, and because they were opposed to theories "settled by precise rules "of our positive law which prevent the recognition "in Italy of the legal effect" thereof.

However, the Italian decree has since been appealed and affirmed and appealed again. The highest court is, apparently, awaiting the decision of the Supreme Court of the United States.

Analysis of the Italian so-called Decree.

It is difficult to determine exactly what the instrument is, a translation of which is Exhibit 144, beginning at page 17 of the supplemental proofs.

From page 19, it would appear that the decree contains the statement and argument of counsel, and that the pleadings are oral. We do know, however, from a copy of the complaint put in evidence by the defendant, at page 1717 of the record, that there was a written complaint wherein it was alleged that there was no such firm as "A. A. "Waterman & Co." and that Mr. Carbrini was representing a purely fictitious firm.

From page 20 it would appear that the plaintiff's counsel asks the Court that it should

> "admit at this stage of the proceedings the "interrogatories for the taking of testimony "of witnesses, hereinafter set forth.
>
> "This judgment to be provisionally exe- "cutable."

This indicates that the so-called decree is provisional only. The interrogatories "(A)" and "(B)" set forth at page 20 would indicate that testimony was yet to be taken, on the one question of prime importance as to whether or not people had been deceived by the similarity of names.

At the bottom of page 20 we find the following:

> "The attorneys for the defendant *pleaded*
> "and summed up as follows:"

On page 21 is the defendant's counter plea, and request that the L. E. Waterman Company be mulcted in damages. It also states at the bottom of that page:

> "2nd.—And that after admission, if neces-
> "sary, of the *evidence hereinafter set forth*,
> "the Court may condemn the plaintiff in all
> "damages, both material and *moral*, suffered
> "by the defendant. Likewise, with condem-
> "nation in the costs and with executory
> "judgment."

This would indicate the interlocutory character of the decree.

At page 22, are further interrogatories to be administered and

> "circulars are to be exhibited to the wit-
> "nesses" (in the future).

The fourth interrogatory at the bottom of page 22 indicates that Cabrini, like everybody in America, was very careful that his customers should not confuse the *good* pens manufactured by A. A. Waterman & Co. with the *inferior* pens sold by the L. E. Waterman Company.

Interrogatories 7th, 8th, 9th and 10th (page 23), indicate that evidence was yet to be taken in matters relating to the fact that the L. E. Waterman Company did not manufacture their pens at all, while A. A. Waterman & Co. made all of their pens, and that the L. E. Waterman Company patents had long since expired, while those of A. A. Waterman & Co. were still existing.

From page 24, it would appear that the L. E. Waterman Company demanded an interpretation of the co-partnership agreement of June 12, 1905, although it was not a part of any pleading either written or oral. The whole object of the suit seems to have been changed, and the L. E. Waterman Company demands an injunction under certain specific Italian laws, not under any American law.

From page 25 we see that this action was begun July 2, 1910, *after* the beginning of this action in America.

The decision then goes on to say (in the middle of page 25):

> "In the second place, the Court recog-
> "nized by reason of evident legal effect in
> "Italy, the irrelevancy in this case of cer-
> "tain judgments rendered by North Ameri-
> "can Courts, exhibited by Cabrini and the
> "intervening parties in order to sustain the
> "alleged unlawfulness of the use made by
> "them of the name 'Waterman' for desig-
> "nating the fountain pens in which they
> "dealt. Finally, the Court decreed the pro-
> "duction in Court of partnership agreement
> "of June 12, 1905, from which Cabrini and
> "the intervening parties claim to derive the
> "right to use the said designation, in or-
> "der that this Court might be *enabled, by*
> "*its examination*, to judge whether the de-

"fendant by virtue of the same, 'were law-
"'fully, actually and effectively invested
"'with the right to use the name of Water-
"'man, or whether a fraud existed which
"'was to be suppressed.'"

The decision says at page 26:

"The Court, in the previous decision, has
"already exhausted forth the motives
"(which, in fact, are incontrovertible be-
"cause they are settled by precise *rules of*
"OUR *positive law*) which prevent the recog-
"nition *in Italy* of the legal effect of the de-
"cision of July 14, 1910, of the North Amer-
"ican District Court for the Southern Dis-
"trict of New York, and of that rendered
"on appeal on November 15, 1910, by the
"second Circuit Court of the United States,
"by which, according to the allegations of
"the defendants, the lawful right of the
"Chapmans to call by the name of 'Water-
"'man' the fountain pens in which they
"dealt in the territory of that State, had
"been recognized."

This is an express repudiation of the decisions of our courts and their interpretation of an American contract made by Americans.

On page 28, the decree further rejects the American decisions because they are preliminary and not final judgments, and then goes on to hold that the decisions in New York were only upon the "supposition" that A. A. Waterman & Co. had the right to use the firm name, and then by a mere inspection of the instrument, proceeds to show that the partnership agreement itself is a fraud upon its face.

On page 28, it states that it is unnecessary to consider evidence—an inspection of the agreement is sufficient—and then goes on to show that the

"far West," which includes Illinois and everything to the West thereof, was such a remote country that it did not connote an adequate consideration, and concludes what no court has ever concluded before, and what has heretofore not even been argued by plaintiff's attorneys, that the partnership agreement of June 12, 1905, was a mere pretext for the acquisition of the name by the Chapmans, who, as a matter of fact, had supplied substantially all of the money for the enterprise since January, 1901.

We note on page 30 that the Italian Court criticises the co-partnership agreement because it does not set forth within its own terms what had become of the property owned by the former firm of A. A. Waterman & Co. This is rather amusing. Equally amusing is the following quotation from the top of page 31, wherein the Court holds that Mr. Waterman, after contributing his name to the firm "must immediately quit the firm, and go far "away for vague and *solitary* ventures in the far "West."

The bottom of page 31 shows again that there must be further testimony taken before a final decree, and at the top of page 32, it states expressly "Whereas there is occasion to *reserve* the deter- "mination of the costs in the case to the FINAL "decision," indicating that the judgment is interlocutory only.

The decision also states at page 32:

> "The L. E. Waterman Company, of New "York, on the other hand, is allowed to prove "by witnesses the circumstances detailed in "the two interrogatories embodied in its con- "cessions and herein before literally trans- "cribed, the recording judge being appoint- "ed to take the evidence.
>
> "Costs reserved."

This shows conclusively that this so-called decree is preliminary only.

We will say in addition that Mr. Geyer went to Milan to be there on August 9th on a further hearing of the case, when he found that it had already been adjourned.

The translation of this decree is very crude and the knowledge of the Italian lawyer sworn to interpret it is still cruder, but this is accounted for by the fact that he was admitted only to practice in the lower courts and apparently knew nothing of the proceedings in the higher courts in which this action was brought.

To sum the whole matter up, the attempted introduction of this ridiculous Italian decree is on a par with the methods of litigation pursued by the L. E. Waterman Company. For eleven years after the decree of 1898, they lay quiet, and made no objection to the use of the trade name of A. A. Waterman & Co. During these years the Chapmans were advancing a fortune ($30,000 on loans alone) in the business until it became a success. *Then* plaitniff obtained, by consent, the Cleveland decree, which was afterwards repudiated by the court, which stated that it would never have been granted if it had been contested. Then they obtained the Washington decree, which, like the Cleveland decree, was founded on a complaint which was innocuous on its face, but the decrees, when entered, were not only illegal, but immoral, in that they enjoined the defendants therein from the use of the trade name "A. A. Waterman & Co.," when no such prayer was contained in the complaint. This was stabbing an adversary from ambush. When the Messrs. Chapman began an action in New York State Court to prevent a multiplicity of suits, the L. E. Waterman Company then came into this forum in order to determine all the issues

between the parties, and to determine apparently in a fair fight, the exact relationship between the parties.

Having selected this forum, it was not fair play to go to Italy and try to get a judgment in a Latin court, concerning rights under an American contract, and it will be noted in passing that the Italian court finally was called upon to pass upon, not any contract between the parties in interest, but on a contract between third parties to the litigation.

In Italy they claimed that Mr. Cabrini had advertised the A. A. Waterman & Co. pens as "Wa-"terman" pens only, and that advertisement is set out at page 954 of the record.

There is no claim, however, that A. A. Waterman & Co. or the Modern Pen Company were at all responsible for that Cabrini advertisement. It was pure ignorance on his part, and as a matter of fact, he was given very explicit instructions as soon as the advertisement was called to the defendant's attention when it appeared as an exhibit on the motion for a preliminary injunction.

Of course, this defendant is not responsible for any wrong done by Mr. Cabrini, unless it was done by the authority or with the knowledge of the defendant.

The very recent case of *Rathbone, Sard & Co.* v. *Champion Steel Range Co.*, 189 Fed. Rep. 26, contains the following:

> (30) "Judge Tayler was also of opinion "that complainant's right of action was "barred by *laches*, in failing for nearly three "years to take action, while defendant was "actively building up its own trade. * * * "[The Chapmans were building up their "trade for over five years.]

"The rule is well settled that nothing less "than conduct tending to pass off one man's "merchandise or business as that of another "will constitute unfair competition. [There "is no claim that the defendant did this.] "In *Goodyear Co.* v. *Goodyear Rubber Co.*, "128 U. S. 598, 604; 9 Sup. Ct. 166, 32 L. Ed. "535, Justice Field said:

" 'The case at bar cannot be sustained as " 'one to restrain unfair trade. Relief in " 'such cases is granted only where the de- " 'fendant, by his marks, signs, labels, or in " 'other ways, represents to the public that " 'the goods sold by him are those manu- " 'factured or produced by the plaintiff, thus " 'palming off his goods for those of a dif- " 'ferent manufacturer, to the injury of the " 'plaintiff. *McLean* v. *Fleming*, 96 U. S. " '245 (24 L. Ed. 828); *Sawyer* v. *Horn* (C. " 'C.), 4 Hughes 239 (1 Fed. 24); *Perry* v. " '*Truffitt*, 6 Beav. 66; *Croft* v. *Day*, 7 Beav. " '84.'

"In *Howe Scale Co.* v. *Wykoff, Seamans & "Benedict*, 198 U. S. 118, 140; 25 Sup. Ct. "609, 614; 49 L. Ed. 972, Chief Justice Ful- "ler said:

" 'The essence of the wrong in unfair com- " 'petition consists in the sale of the goods " 'of one manufacturer or vendor for those " 'of another, and if defendant so conducts " 'its business as not to palm off its goods as " 'those of complainant, the action fails.'

"In *American Washboard Co.* v. *Saginaw "Mfg. Co.*, 103 Fed. 281; 43 C. C. A. 233; 50 "L. R. A. 609, it was held by this Court in "an opinion by Judge (now Mr. Justice) "Day that the fact even that the defendant "deceives the public as to his goods by

"fraudulent means does not give a right of "action unless it results in the sale of such "goods as those of the complainant. * * *

(32) "[2] There is some evidence tending "to show an actual deception of customers "on the part of dealers by representing de- "fendant's heater as that of complainant. "It also appears that on the inside of some "of the castings of defendant's heater, due "to the use of parts of complainant's heater "as patterns, the letters 'A' and 'Sol. A' are "found, and that this fact would *enable* a "dishonest dealer to misrepresent defend- "ant's heater as a 'Solar Acorn.' This last "consideration does not impress us as im- "portant, and there is no evidence of actual "deception thereby. So far as concerns ac- "tual misrepresentation by dealers of the "identity of heaters, not only is the proof "thereof not highly convincing, but *defend- "ant is not responsible for the fact that "tricky retailers represent its manufacture "as that of complainant, knowing better, pro- "vided defendant has done its legal duty in "distinguishing its own product from that "of complainant. Royal Baking Powder Co.* "v. *Royal*, 122 Fed. 345; 58 C. C. A. 499; "*Hall's Safe Co.* v. *Herring, etc., Co.*, 146 "Fed. 43; 76 C. C. A. 495; 14 L. R. A. (N. "S.) 1182.

"We have no doubt that sales of com- "plainant's heater have been materially less- "ened through defendant's competition. The "effectiveness of this competition, in our "judgment, has resulted from the activity "with which defendant has pushed its heater, "the publicity and extent of defendant's ex- "hibitions and advertising, the advantage

"which the defendant has, especially in the "large and valuable district of Ohio, in being "a local manufacturer; and to complainant's "advance of prices for 1907, before which "time the prices of the two competing heaters "were substantially the same. This compe- "tition was legitimate."

We have quoted rather freely from this opinion recently handed down because it seems to cover nearly everything contained in this litigation, and emphasizes the fact that this defendant is not answerable for the fact that the Standard Drug Company passed off a Parker pen for an Ideal, or that Mr. Saadi violated the trade mark Ideal nor that Mr. Cabrini had ignorantly advertised "Water- "man" pens.

From neither a legal nor a moral standpoint, therefore, can this so-called Italian judgment be deemed *res adjudicata*, estoppel or even persuasive as to any of the matters set forth therein.

The Bill of Complaint should be dismissed with costs in all courts.

April 15, 1914.

Respectfully submitted,

ALEXANDER S. BACON,
Attorney for Defendant,
37 Liberty Street,
New York City.

Office Supreme Court, U. S.
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JAMES D. MAHER
CLERK

Supreme Court of the United States

L. E. WATERMAN COMPANY,
Plaintiff,

against

MODERN PEN COMPANY,
Defendant.

October Term
1913—
Nos. [redacted]
54472

ANSWERING BRIEF OF MODERN PEN COMPANY.

The plaintiff's brief devotes nearly all of its space to trying to prove that A. A. Waterman & Co. do not manufacture pens. This is new. Nothing of the kind has ever been suggested before. If A. A. Waterman & Co. do not manufacture these pens, who does? There can be no question that thousands of dozens are manufactured every year, and are sold in every State and Territory. The Modern Pen Company advertises itself as the sole selling agent of A. A. Waterman & Co. The factory is situated at No. 22 Thames Street; the sign on the door is A. A. Waterman & Co., or, now, Arthur A. Waterman & Co. A. A. Waterman & Co. order all the goods, and pay for them; pay the workmen; and pay the rent; have their own set of books, and take their own profits. Nobody before has ever suggested that A. A. Waterman & Co. pens are not made by A. A. Waterman & Co.

When the testimony of A. A. Waterman was

taken in Seattle, Oregon, by some error the instructions to attorneys went astray, and there was substantially no cross examination. When the error was discovered, the attorney was telegraphed to, but he knew nothing about the circumstances of the case. A. A. Waterman was then intensely hostile, as there was trouble between the Western and Eastern firms of A. A. Waterman & Co., because the Western firm had not paid some $4,500 that was due to the Eastern firm for show cases that were scattered throughout the Western territory, and Mr. Waterman made some absurd statements which were contradicted by the written evidence of the contracts which he did not have with him when testifying.

The claim that the defendant should have produced the books and papers of A. A. Waterman & Co. in court to prove that they were actively manufacturing pens is absurd. Why should they bring books into court to prove what nobody denied? That issue is not raised by the pleadings. We have never heard it intimated before that A. A. Waterman & Co. do not manufacture A. A. Waterman & Co. pens.

To be sure, Mr. Frank D. Waterman, a nephew of the original L. E. Waterman, swore to a complaint in Italy that there was no such firm as A. A. Waterman & Co., but that is wholly different from saying that the A. A. Waterman pens are not made by *anybody*, as this brief apparently assumes.

The plaintiff might just as well have sued any of the thousand dealers who sell A. A. Waterman pens as to have sued the Modern Pen Company. It is the sole selling agent, but there are many other sub-agents. They all get their rights through A. A. Waterman & Co., the manufacturer, and the allegation that they do not manufacture their own pens

s indeed a surprise that has never appeared before this brief in the United States Supreme Court.

Medals.

We are a little surprised that this brief should mention the fact that the L. E. Waterman Company has obtained a great many medals for their inferior wares, when their own manager swore on cross examination that he could not tell who had made a single pen for which they had received a medal. Never in the whole course of its experience has the plaintiff ever made the rubber parts of a fountain pen. Only within a very few years has it ever made *any* pen points. It merely assembles the parts, and that is done by the cheapest kind of female unskilled labor, while A. A. Waterman & Co., since July 1, 1905, and their predecessor, Frazer & Geyer Company, since about 1898, have manufactured every part of their pens in their own factory, rubber holders and gold pen points.

To obtain medals at expositions without competition is one part of the plaintiff's stupendous bluffs in advertising enormously and selling an inferior old-fashioned pen, unpatented. Indeed, we do not think that its salient features ever were patented. Its only pretext for a living patent relates to an adjunct to an antequated "feed" that other first-class pen makers would not use in any circumstances whatever.

On the other hand, the defendant's specialty is the "Modern" self-filler, the invention of Mr. A. A. Waterman. Its second specialty is the "Modern" middle joint, also the invention of Mr. A. A. Waterman. The "self-filler" patent belongs exclusively to A. A. Waterman & Co. The middle joint patent is used equally by the Sterling Pen Company and A. A. Waterman & Co., while the plaintiff's pens

can be made by anybody, and have not been substantially varied in thirty years.

Generally speaking, A. A. Waterman & Co. never exhibit at expositions. However, their Italian agent exhibited at the Turin Exposition, and obtained the gold medal in preference to the L. E. Waterman Company, the only other exhibitor.

Waterman v. Shipman.

At page 17 the brief has a quotation from *Waterman against Shipman*, 130 N. Y. 301, stating: "As far back as the year 1888, the courts of the "State of New York have recognized the adoption "of the trade mark 'Waterman's Ideal Fountain "'Pen, N. Y.'" The quotation does not, however, contain the real finding in that case. Judge Cullen says at page 312:

"We think that the word 'Ideal' as applied by "Mr. Waterman to fountain pens of his own manu- "facture, comes within the comprehensive definition "of a trade mark as given in *Selchow* v. *Baker*, 93 "N. Y. 59, 45 Am. Rep. 169, and that the plaintiffs, "as the owners of the name, are entitled to the "protection which the law affords to owners of trade "marks, notwithstanding the fact that the name is "also used to designate the invention. Upon the "facts found, the plaintiffs were entitled to an in- "junction restraining the defendants from using "the word 'Ideal' as applied to fountain pens."

130 N. Y. 301, confirmed the trade mark "Ideal," but did not, as the brief would lead one to assume, confirm the trade mark "Waterman's Ideal Foun- "tain Pen, N. Y."

L. E. Waterman Co. v. Waterman & Gibson.

On pages 17 and 18 the brief sets out the long quotation from the judgment in *L. E. Waterman Com-*

pany against Arthur A. Waterman and Edward L. Gibson, which judgment, by the way, is a curious combination of decision and judgment, and was drawn by the attorneys, not by the Judge. It contains a great deal of fulsome praise of L. E. Waterman pens, and there is no doubt that the judgment was entered by consent. At that time neither the plaintiff nor defendant manufactured any pens at all, and no two orders were alike. The quotation on page 17 does not contain, however, the statement found several times in the decision, as follows: "But the defendants are not prohibited from indi-"cating that fountain pens made by them are made "or prepared or sold for or by Arthur A. Waterman "& Company or A. A. Waterman & Company." This very important part of the decision is omitted. Mr. Waterman's offense at that time was in assuming a *corporate* name, instead of a *firm* name.

The brief states at page 18 "that the defend-"ant has also infringed the plaintiff's trade mark "consisting of the representation of a globe." It refers to the record, page 1339, but that record does not say that the defendant infringed the design of a globe. As already explained, Mr. Saadi, who had for some time been doing business under the firm name of the Royal Ideal Pen Company, used a circle containing the map of Africa and asked the defendant to make a few pen holders, stamped Royal Ideal Pen. He had what he called a copyright of this trade name. The amount of the order was trifling, the profit on the whole number of pens and points was only about $21; the pen points were sent back and replaced by others marked—not "A. A. Waterman & Co.," but "14 karat." The name on the holders was burned out by Mr. Saadi, and only one gross was ever sold. The profits to the defendant would be substantially nothing, and on account of this friction, Mr. Saadi saw fit not

to pay a bill of two hundred odd dollars, which he has never paid to this day. Defendant never infringed the representation of plaintiff's "globe."

This insignificent order went through without attracting the attention of anybody who was then an officer of the defendant, and nobody remembered it. Attention was called to it long after the beginning of this action. It was so trifling that no court has suggested that there should be any accounting in reference to it. It does not compare in importance with the infringement by plaintiff of A. A. Waterman & Co. patents referred to in the correspondence where the defendant was polite enough to call their attention to the infringement, whereupon they abandoned them.

Misrepresentation and Substitution.

According to the plaintiff's methods of quoting from the testimony, anything can be proved. It is like the old story of proving by the Bible that there is no God, by omitting the words: "The fool hath said in his heart." If the quotations taken from the testimony of Mr. Rightmire, Mr. Bartlett and Mr. Blatz will be read in reference to their context, it will be seen that each one of these salesmen said emphatically over and over and over again that their instructions were *never* to represent the defendant's goods merely as Waterman pens, but to be very careful and call them "A. A. Waterman pens to distinguish them from the inferior, out-of-date pens sold by the plaintiff. Nothing could be more emphatic than the testimony of those three salesmen from which sample illustrations are taken. They never represented defendant's pens as "Water-"man" without the initials.

The reference to the Wolfson advertisements where, after a number of scolding letters to the New

Jersey dealer, the defendant finally agreed to pay $3 on the cost of the advertising provided the offence should never be repeated, is a fair sample of the plaintiff's unfair quotations. When Mr. Guyer consented to allow $3 on the next bill for one-half of the cost of the advertisement, he thought that he was paying for the second advertisement which was all right. He said (p. 1260, fol. 3779):

"A. (Continued) When their bill came for the ad.
"I took it for granted that it was for the ad. in
"the second week's paper and allowed it."

The plaintiff devotes a heading to a statement that the defendant encourages the use of the name "Waterman" by dealers and agents. This is absolutely untrue, and the record will be searched in vain for even one single instance where the defendant ever knowingly sold or encouraged the sale of an "A. A. Waterman pen" as merely a "Waterman "pen." The plaintiff's own manager admitted that he had never known of such a case, and in reading the testimony of the salesmen referred to, the court will see with what great care they distinguished their own pens as "A. A. Waterman" goods in comparison with the inferior pens put out by the plaintiff.

On page the brief says: "The defendant ad-
"mits that there is confusion (Record, p. 199); it
"is shown that three of the defendant's salesmen,
"Rightmire (p. 1242), Bartlett (p. 1178), and Blatz
"(p. 1486), sold and recommended the sale of the
"goods of the defendant to its dealers as 'Waterman
"'Pens.' Twice has the complainant company been
"obliged to bring action against dealers in the so-
"called A. A. Waterman & Co. pens." The statements of that paragraph are false.

The Cleveland and Saadi Actions.

We are a little surprised that this brief should refer to the Cleveland case and the Saadi case where the bills of complaint were innocuous, not even mentioning A. A. Waterman & Co., while the decrees, taken by default or consent, contained an injunction against the use of the name "A. A. Waterman & "Co." This litigation is disgraceful and unethical, and as shown in the principal brief, in the opinion of Judge Killette, the Cleveland decree would not have been signed if it had been contested (brief, p. 143). The defendant had never heard of the Standard Drug Company of Cleveland, which had sold the *Parker* pen as a Waterman pen. This was a mere pretext for bringing this action, just as Saadi's use of a map of Africa in a circle was a pretext for bringing the other action, as an infringement of a globe.

The same may be said with reference to Saadi. He was an Egyptian who sold "novelties" under the trade mark of a circle with a map of Africa within it. He afterwards started to sell fountain pens of every kind. He sold L. E. Waterman as well as A. A. Waterman pens, and finally smuggled through the A. A. Waterman factory an insignificent order of cheap pens with "Royal Ideal Pen" marked on the holder.

The first decision in this action in the Circuit Court of Appeals was made just before the signing of the Saadi decree, and the Judge struck out the paragraph preventing the defendant, Saadi, from using the name A. A. Waterman & Co., but in another part of the decree, this was inadvertently left in.

We are not prepared to say that this Cleveland and Saadi litigation and the use that has been made of it as indicated in the principal brief, are not

sufficiently unethical to warrant its reference to the Bar Association.

The brief says at page under the title "Con-
"fusion": "Hobart W. Geyer, treasurer of the de-
"fendant Modern Pen Company and the principal
"witness of the defendant, testified: 'We admit
"'there is confusion' (Record, p. 1356, XQ. 934)."

The context is as follows:

"XQ. 931. How about the letter signed by K. M.
"Dickson, November 22, 1910? Does that show any
"confusion? A. I don't know. He addresses us
"plainly at 22 Thames Street; as A. A. Waterman
"& Co., 22 Thames Street, and he asks about an
"Ideal pen.

"XQ. 932. 'One of your Ideal pens'? A. Yes, 'One
"'of your Ideal pens.'

"XQ. 933. Does that show any confusion? A. I
"think so, perhaps.

"XQ. 934. You are not prepared to say positively
"that shows confusion? A. I DON'T KNOW. We
"admit that there is confusion.

"XQ. 935. I ask you if you are prepared to say
"positively that it does not show confusion? A. I
"think so, perhaps.

"XQ. 936. You are not prepared to say positively
"that it does; it is only 'perhaps'? A. That is a
"question of judgment entirely.

"XQ. 937. I ask you if you are prepared to say
"that it does not positively show confusion? A. I
"say I think it does, but I cannot state positively."

The quotations throughout are erroneous, or fractions of sentences, or isolated sentences taken from their context, and are wrenched from their true meaning. For instance, the brief says:

"We could differentiate our goods from those of
"the L. E. Waterman Company in any quantity of
"ways if we wanted to (Record, p. 1372, XQ.
"1052)."

The following is the record (p. 1371):

"XQ. 1082. If you wanted to differentiate your "goods from those of the L. E. Waterman Company "would it not be easy for you to do so *by omitting* "*the use of the name Waterman?*

Objected to as immaterial.

"A. We could do it in any quantity of ways.

"XQ. 1083. As a matter of fact, you admit there "is a lot of confusion between the goods of the L. E. "Waterman Company and those put out by A. A. "Waterman & Co., do you not? A. Yes. The bulk "of the confusion that we complain of is the fact "that L. E. Waterman Company's representatives "go around talking to the trade that there is no "such concern as A. A. Waterman & Co. and that "they have no right to sell our goods.

"XQ. 1084. Do you know of any such representa-"tion being made? A. I know I have had from 150 "to 250 reports from my salesmen and others.

"XQ. 1085. When did you have those reports? "A. They keep coming in continually. There is "apparently no break in them. * * *

"XQ. 1094. That confusion came from the fact "that the name and marking of the goods were so "similar, did it not? A. The marking is not sim-"ilar. There is no similarity to the marking at all. "The only similarity is that they both have the name "Waterman.

"XQ. 1095. What causes the confusion between "the goods? A. The same that causes the confusion "between the Baker's Cocoa and the three Fabers "lead pencils; simply because there is a family name "and more than one party of the same name making "similar goods.

"XQ. 1096. The question is repeated. A. There "is no confusion between the goods."

The brief says: "I am able to say that there has "been considerable or quite extended confusion in

"the trade or minds of the public from the letters "we get and from the reports that I get" (XQ. 1107).

The record is as follows:

"XQ. 1105. And in your experience you have "never found any confusion resulting from simi- "larity in the marking of the goods? A. No, per- "sonally I have not run across anybody that has "been mistaken in it at all.

"XQ. 1106. You never have seen any confusion "in the trade? A. Not personally, no.

"XQ. 1107. Why are you able to say then that "there has been considerable or 'quite extended,' "as you put it, confusion in the trade or in the "minds of the public? A. From the letters that we "get and from the reports that I get.

"XQ. 1108. Does not the confusion come because "of the similarity of the names of the concerns and "the similarity in the marking of the goods? A. "Some part of it is confusion and some of it care- "lessness. Within two weeks I got a letter from "Aiken-Lambert Co. [owned by plaintiff], address- "ed to A. A. Waterman Co., signed by one of the "officers, I think it was. They certainly ought to "know the difference between A. A. Waterman & "Co. and L. E. Waterman Co. I don't think that "is confusion; I think it is carelessness. A lot of "these others are carelessness in my opinion."

It would be very foolish to say that there is no confusion, but that confusion is very slight, and comes wholly from the fact that the name Waterman is contained in both trade names, a name that cannot be trade marked. This confusion is lessened by the great care taken by the defendant. It is added to very largely by the unethical business methods of the plaintiff. This slight confusion is such as the courts will not provide against as shown in the principal brief.

Mr. A. A. Waterman's Career in the Fountain Pen Business.

Under this heading the brief gives a misleading history of Mr. Waterman's pen career. He is a thousand times more a pen expert than Mr. Lewis E. Waterman was. He is a manufacturer and accomplished salesman, but a very poor financier, while the L. E. Waterman people are absolutely nothing but "publicity agents."

After leaving the L. E. Waterman Company's employ in about 1895 Mr. A. A. Waterman went into partnership with Mr. Gibson, and he made the initial mistake of doing business as the "A. A. "Waterman Pen COMPANY." After the litigation of 1898, and in compliance with the requirements of the decree of September 3, 1898, he conducted business as a *firm*, under the express permission of that decree. Neither he nor Mr. Gibson had started in with much capital, but they did not need much. They, like the plaintiff to this day, bought their holders of one dealer and their pen points of another, assembled the parts, and sold them as "A. A. "Waterman & Co." pens. That first firm did not fail. It simply went out of business. Gibson went with the Sterling Pen people, and for a few months, Mr. Waterman did business as "A. A. Waterman, "Maker, Boston."

As to this little know period, Mr. Stevens' testimony is wholly unworthy of any consideration, as shown in our principal brief. The circulars issued by both parties tell the whole truth about the matter. See pages 578, 579, 580.

In closing up that business, Rhodes Lockwood (The Sterling Pen people) took over a certain amount of the goods on hand and sold them. They never made any *new* goods marked "A. A. Water- "man & Co."

It is not true, as stated in the brief: "The busi-"ness name and good will of the Waterman-Gibson "concern were assigned and turned over to one "Rhodes Lockwood for the debts of the partner-"ship." See quotations in former brief and see the circulars issued at that time (pp. 578-80).

During this hazy period, Mr. Waterman seems within a few months to have organized the Colonial Pen Company which sold pens manufactured by a new firm of A. A. Waterman & Co. We know very little about the few months of the existence of this combination. It was during this time that Frazer & Geyer Company, who were then actually manufacturing every part of their fountain pens, sold goods to A. A. Waterman, who at that time was selling goods from the Atlantic to the Pacific, and had a very large trade. These sales led to the partnership arrangement of January, 1901, when a new firm of A. A. Waterman & Co. (Waterman, Frazer & Geyer) was organized to be the sales agent of the pens manufactured by Frazer & Geyer Company. This company had a small factory in Brooklyn, but as a part of the combination agreed to get $25,000 in capital from friends. They did get that year $50,000 in capital from the Chapmans, and from 1901 up to this date the Chapmans and their friends have been the financial backers of this enterprise, no matter what form it took.

Inasmuch as A. A. Waterman & Co. were in 1901 taking the entire product of the Frazer & Geyer Company, and might, as such, absorb all the profits while the Chapmans who put in substantially all of the money got nothing, Frazer and Geyer assigned their profits to the company. But Mr. Waterman retained an entirely different relationship. He had his salary and his royalties, and at all times retained in his own hands all matters of detail of manufacture, and he was not willing

that any pen bearing his name should not be subject to his exclusive direction as to details of manufacture, prices, etc., *and that fact continued to the very end.*

Mr. Waterman was very much pleased with his new arrangement as long as they continued to make large profits, but when they moved into a larger factory and began to lose money under Mr. Frazer's mismanagement, he then began to twist out of his contracts, and wanted North America divided into two parts, giving him the Western part. He was very familiar with this region. It was well advertised (with the Chapman's money) and A. A. Waterman & Co. show cases covered the whole district, and had cost thousands of dollars. In February, 1905, he made a new contract with Frazer and Geyer Company. It was not materially different from the later contract of June, 1905. He had been given outright $5,000 of stock in the Frazer & Geyer Company, and in May, 1905, he entered with much enthusiasm into the new reorganization which was to get rid of Frazer who had substantially no stock, but under a foolish pooling agreement with the Chapmans, he could not be ousted. Not only did the Chapmans own a large majority of the stock, but they had loaned $30,000 on chattel mortgage. The first reorganization proposed to put up $15 a share. Everybody agreed to it, including Waterman, Frazer and Geyer. Then Mr. Weaver, Waterman's lawyer, injected himself into the proposition and Frazer, Geyer and Waterman withdrew, thinking that they could destroy the reorganization.

Then the Chapmans began suit against all of these people, and sold out all interests, and Waterman and Geyer came back into the combination. The reorganization then took in all of the old stock excepting about four or five shares owned by Mr.

Frazer's wife and a friend. The circulars and the minutes of the meetings during this time of reorganization tell the whole story.

In Plaintiff's Exhibit 133, page 938, A. A. Waterman & Co. in liquidation, sold to the Frazer & Geyer Co. (fol. 2815) "all its right, title and interest in "and to all its assets of every name and nature "whatsoever" in consideration of its debts being paid (this was done), and by Plaintiff's Exhibit 134, page 939, 40, the Sheriff sold for the benefit of the reorganization (fol. 2818) the lease "also, "machinery and material for manufacturing foun- "tain pens, fixtures, patents, accounts and bills re- "ceivable and *all other personal property* of the "Frazer & Geyer Co."

The brief very frequently speaks of the Frazer & Geyer Company being in the hands of a receiver, but this receiver was obtained long after the reorganization and long after the Sheriff had sold out all its assets and which were bid in for the benefit of the reorganization. The receiver received absolutely nothing, as everything had been sold by the Sheriff and he very soon petitioned to be relieved of his receivership because he did not have enough money to pay the premium on his bond.

Under the new reorganization plan, where everybody put up $20 a share, a new corporation, the Modern Pen Company was to be the selling agent of A. A. Waterman & Co., the manufacturers. Elaborate agreements were drawn between all of the parties, and their relation fixed beyond any peradventure. In Mr. Waterman's testimony he states his recollection of these agreements, but that is all he pretends to do. It is the agreements themselves that fix the status of the parties, and no one has ever suspected before that there would be any question that A. A. Waterman & Co. were manufacturing the thousands of dozens of pens that go out under their name every year.

The difference between A. A. Waterman & Co and the Modern Pen Company is very distinct. Mr. Waterman was a stockholder, director and officer of the Modern Pen Company. He was also a partner of A. A. Waterman & Co., of which he had one-third of the profits. Everything is absolutely distinct between the two. Separate books are kept, and A. A. Waterman & Co. have distributed profits, while the Modern Pen Company has not yet declared any dividends.

When Mr. Geyer and Mr. Van Valer, the manager and superintendent of A. A. Waterman & Co., swore that A. A. Waterman & Co. were manufacturing pens, they knew what they were saying. As that fact had never been questioned at that time, it would have been foolish to have produced their separate books to show that they were actually doing business, when no one ever dreamed that that fact would be controverted.

The brief states as follows: "Mr. Waterman tes-
"tifies that the alleged firm of A. A. Waterman &
"Co. in which Waterman and the two Chapmans
"were concerned and for which firm the defend-
"ant company was the sole selling agent, never
"made anything, nor sold anything, nor brought
"anything, nor did anything; it kept no books,
"nothing was done by it (Record, p. 101)."

The following is the record at page 101: "XQ.
"That is, under the contract from December, 1901,
"to June 12, 1905, you received no profits from A.
"A. Waterman & Company? A. They audited my
"salary through the A. A. Waterman & Company.
"It was a nominal salary and expense account, but
"the profits, the returns to me that I depended
"upon, were a certain share of the earnings of the
"corporation and the dividends on stock that I got.
"I had a contract that called for certain share of

"their *gross earnings* as well as the net earnings "which came in the form of a dividend.

"Q. 76. That is from the gross earnings and the "net earnings of the one corporation? A. Yes. I "got it on the corporation's earnings. Not from the "firm; *these earnings had nothing to do with the "firm at all.*

"Q. 77. Now, June 12, 1905, you testified that "you entered into a partnership of A. A. Waterman "& Company, with Isaac E. Chapman and William "L. Chapman. Did that new partnership assume "any of the indebtedness of the old partnership? "A. No; I cannot recollect that it assumed any-"thing.

"Q. 78. Now, what were your functions under "this new partnership of June 12, 1905? A. I do "not recollect that I had any functions. Possibly, "I was to be consulted as regards forms and styles "of goods."

The above was the evidence of an intensely hostile witness, who made no pretense of doing otherwise than recollect what was contained in written contracts. When the defendant put those written contracts in evidence, Mr. A. A. Waterman's recollection of them became worthless. Where the brief gets the idea that A. A. Waterman & Co. of 1905 to keep no books, we cannot conceive. Everything connected with the manufacturing and the selling are absolutely distinct.

Mr. Geyer in his testimony says at page 1246:

"Q. 1. Please state your name, residence and oc-"cupation? A. Hobart W. Geyer, Ridgewood, N. "J., treasurer of the Modern Pen Company and "manager for A. A. Waterman & Co. of New York." He then goes on to tell the history of the various firms with which he had been connected since 1899.

At bottom of page 1277 he says:

"Q. 166. For how many years have you been "manufacturing pens? A. About thirteen years.

"Q. 167. The Modern Pen Company makes the "entire pen, does it? A. *The Waterman Company* "*makes the pens.*

"Q. 168. A. A. Waterman & Co.? A. Yes.

"Q. 169. They do the manufacturing? A. Yes.

"Q. 170. And they make pen points? A. Yes; "the pen point and the holder and all parts com- "plete except for fancy pens, we do not make the "mountings; we buy them and put them on our- "selves."

He then continues in great detail to explain their shop methods.

(Page 1280): "Q. 186. In the present state of "the art is it possible to make a better pen than "that manufactured by A. A. Waterman & Co.?

"Mr. Watson: Objected to as entirely incompe- "tent and not within the knowledge of this wit- "ness.

"A. No.

"Q. 187. And you are familiar with all the pens "manufactured in this country? A. Practically, "yes.

"Q. 188. Hundreds come in every week for re- "pairs? A. Yes.

"Q. 189. And they are all under your supervi- "sion? A. Yes.

"Q. 190. Kindly describe the manufacture of the "holders, stating first how long you have been manu- "facturing pen holders? A. I have been manufac- "turing pen holders since I first went into the "business in 1897."

(Page 1286): "Q. 244. Is it a fact that from "1901 up to July 1, 1906, Mr. A. A. Waterman "was continuously without interruption a member "of some firm of A. A. Waterman & Co. with "which you were connected?

"Objected to as immaterial.

"A. Yes."

(Page 1346): "XQ. 836. It is not a matter of "fact that you did not do any business until Aug- "ust 15, 1905, in the Modern Pen Company? A. I "think they did business right from the start. I "think they began business just as soon as they "were organized. In fact I know the business was "going along all the time. The factory was never "closed down at all, neither was the office.

"XQ. 837. What does the firm of A. A. Water- "man & Co. own around there now—anything at "all? A. Yes; they own all the goods that are "being made up. We buy them from them when "they are made up.

"XQ. 838. They do not own any of the factory "do they? A. Not the plant; no.

"XQ. 839. Is it not a matter of fact that all your "accounts there are kept together?? A. *I have "testified that they were not kept together. We "keep separate sets of books. They are entirely "separate.*

"XQ. 840. Does the firm of A. A. Waterman & "Co. owe the Modern Pen Company now? A. The "Modern Pen Company is now selling agent for the "A. A. Waterman & Company. Before it was the "other way around.

"XQ. 841. The old concern in which you were a "partner, A. A. Waterman & Co. never manufac- "tured any goods at all did they? A. They did the "assembling, the same as the L. E. Waterman Com- "pany testified they do in their manufacture.

"XQ. 842. The present concern of A. A. Water- man & Co. does not do any selling at all except to "the Modern Pen Company does it? A. That is "all."

A. A. Waterman & Co. have filed with the County Clerk the necessary certificate to do business under that name (Ex. A-31, p. 1706-1707).

"XQ. 900. Was this decree [of 1898] ever dis-

"cussed between you and Mr. Frazer and Mr. Wa-"terman as to whether the firm of A. A. Waterman "& Co. of which you are a member were bound by "that decree? A. It was always so understood and "we always so instructed our salesmen about the "selling of our goods, that we were selling them "under that decree and they must be very partic-"ular to sell them as pens made by A. A. Waterman "& Co., so as not to have anybody think they were "L. E. Waterman & Company goods.

"XQ. 901. Don't you know that the decrees en-"joining the calling of the pens made by A. A. Wa-"terman & Co. as Waterman pens? A. No.

"XQ. 902. You don't know that? A. No.

"XQ. 903. I would like to have you look at a "copy of the decree which is in evidence? A. It "was something that never entered into the ques-"tion because we never did call them Waterman "pens; we always called them A. A. Waterman & "Co. pens. That is one of the things we were "very particular about."

(Page 1357): "XQ. 957. You testified that the "Modern Pen Company never paid any dividends, "is that correct? A. Yes. I did not testify that "it had not earned any though.

"XQ. 957. *Has there been any distribution of "profits at any time among the firm of A. A. Wa-"terman & Co.? A. Yes; I think so. The profits "have been turned over to them, so I presume they "divided them among themselves.*

"XQ. 958. Did you ever know that A. A. Water-"man got any profits from the firm of A. A. Water-"man & Co. composed of himself and the Chap-"mans? A. They get their profits. I don't know "what they do with them.

"RXQ. 1309. Did A. A. Waterman & Co. take "any action independent of the Frazer & Geyer "Company? A. A. A. Waterman & Co. attended to

"the selling of the goods entirely, *practically run-*
"*ning the business.* * * *

"RXQ. 1312. And A. A. Waterman & Co. did "not do any business except with the goods that "they got from the Frazer & Geyer Company? A. "Yes; they bought thousands of dollars of stock "outside; they bought pearl goods and boxes and "advertising matter and paid all their bills for ad-"vertising."

(Page 1405): "RXQ. 1372. During the year "from 1905 to 1906, Mr. Waterman was still con-"nected with you, was he not? A. Yes; he was a "member of the firm of A. A. Waterman & Co. "and was a director and officer of the Modern Pen "Company."

Who or what does the plaintiff *now* think that "A. A. Waterman & Co." is? In the scores of pages of alleged misdirections (pp. 956-1107) and in the various letters written by the plaintiff to A. A. Waterman & Co., to whom or to what were the references made? In the agreements drawn by Mr. Watson for the purchase of the trade name of "A. A. Waterman & Co." (pp. 1724, 1727), were they trying to buy a myth? Why were they trying to buy the plant of A. A. Waterman Co. if that firm was not manufacturing pens?

The partnership agreement, Exhibit A-13, took substantially all of the time of Mr. I. E. Chapman, W. L. Chapman, Hobart W. Geyer, Arthur A. Waterman and the writer from before the temporary agreement dated May 27, 1905 (Exhibit A-12, page 1666), until June 12, 1905 (Exhibit A-13, page 1668). For two weeks and a half, for substantially every day in the week, the former partnership agreement between Waterman, Frazer and Geyer, dated February 11, 1905 (Exhibit A-10, page 1650), was gone over and the variations thereof in the new contract were considered in minutest de-

tail. On some days the parties remained in New York for dinner and continued the discussion during the evening. The writer has never drawn a contract involving millions that took so much time and got so thoroughly upon his nerves as the drawing of this contract, Exhibit A-13. It went into effect immediately. The Modern Pen Company was organized to carry out its provisions, and the old factory of Frazer & Geyer Company was continued under the new management of A. A. Waterman & Co. The partnership agreements of February and June, 1905, are the same in their essential features. Each provided for allowing Mr. Waterman to get out of his old 40-year contract, and gave him possession of the western territory which was particularly *his* field, and in which "A. A. Waterman & "Co." show cases were scattered in every state and territory. It was thoroughly advertised (at the expense of the enterprise where for years the Chapmans had furnished the money) and it was considered the choicest part of the whole country, including Chicago and everything to the West.

This new contract, Exhibit A-13, was a part of the reorganization in which Mr. Waterman kept his $5,000 in shares of stock, and the Chapmans put up for him the 20 per cent assessment. Nobody was frozen out. If any one was not able to pay the assessment, it was advanced for him and his note taken. The only stock left out was five or six shares belonging to Frazer's wife, who refused to come in.

Both the Modern Pen Company and A. A. Waterman & Co. immediately entered into their respective duties; had their separate books and offices (adjoining) and A. A. Waterman & Co. have divided their profits among themselves while the Modern Pen Company has not yet declared a dividend, although it has accumulated a surplus. To intimate that

A. A. Waterman & Co. never actually continued the manufacture of pens is simply absurd. Mr. Geyer and Mr. Van Valer swear to the manufacturing done under the terms of the partnership agreement, and Mr. Waterman's testimony, which has been twisted as the plaintiff desires, made no pretense of testifying as to anything except the contents of written agreements which he did not have with him, and which he did not pretend to remember with accuracy. They were later put in evidence by the defendenat.

After the formation of this partnership, the duties were divided up among the different parties according to their respective abilities, the Chapmans continuing to finance the enterprise, while Mr. Waterman went on the road to market the product, and Mr. Martling was made manager of the factory. Not proving a success, Mr. Geyer was promoted, and under him the factory of A. A. Waterman & Co. has been exceedingly prosperous, and no one before the plaintiff's brief in the United States Supreme Court has ever suggested that A. A. Waterman pens are made by anybody except A. A. Waterman & Co.

We notice that the plaintiff's brief sets out nearly five pages of the Italian decree, just as if it were persuasive. It certainly is not *stare decisis* or *res adjudicata*, and for a Latin judge, unfamiliar with the common law, having nothing before him but this one contract, and with his strange conception of the remote Western country, to assume to criticise a contract made in America, between Americans, a contract which has passed the criticism of a number of American judges, is the height of presumption, and we are surprised that any American lawyer should present such an opinion as one to be taken as persuasive in an American court.

The brief says that this Italian decree was af-

firmed in the highest Italian court on April 9, 1914. The defendant has never heard of any such decission. Its latest advices from its correspondent in Turin is to the effect that the Italian court was waiting for the decision of the United States Supreme Court, having heretofore refused to follow the Circuit Court of Appeals, because it was not a court of last sort.

The Decree of September 3, 1898.

The plaintiff claims that that decree is not binding because for a few months, in 1899, Mr. Waterman made and sold pens for himself individually and not as a member of some firm of A. A. Waterman & Co. "That the present firm of A. A. Water-"man & Co. is not the direct successor or assignee "of the original firm composed of Waterman and "Gibson." This argument is, of course, foolish. The plaintiff in that decree has continued at all times since to sell fountain pens. The principal defendant, A. A. Waterman, has continued at all times since to sell, and most of the time, actually to manufacture fountain pens. There never has been a day from September 3, 1898, to July 1, 1906, that the defendant in that decree has not been in the fountain pen business, selling or manufacturing fountain pens under the authority of that decree.

L. E. Waterman Company is its own privy, and A. A. Waterman was his own privy. He has a continuing right under the decree of September 3, 1898, and if either L. E. Waterman Co. or A. A. Waterman sold out, it is its or his business. The vendee would be the direct privy of the original parties to that suit.

The brief claims at page 56, as follows:

"At the most, the permission to indicate that "fountain pens made by the said Waterman & Gib- "son 'were made or prepared or sold for or by " 'Arthur A. Waterman & Company, or A. A. Wa- " 'terman & Company,' was a purely *personal* right "or license conceded solely because the name of "one of the partners was Waterman, and was a "*purely personal right or license* to use one's own "name in one's own business."

The above quotation is, of course, wholly erroneous, and not founded in law. Mr. A. A. Waterman had as much right to assign the use of his name and his rights under the decree of 1898 as he had to sell a horse.

Mr. A. A. Waterman had an absolute right to sell the use of his name to his partners, and that is a matter between him and his partners with which this plaintiff, a third party, has no concern.

Laches and Acquiescence.

Everything under this heading has been covered in the principal brief. The Messrs. Chapman put many thousands of dollars into this enterprise, relying upon the validity of the 1898 decree. Nobody ever questioned it, least of all, this plaintiff.

The matter of negotiations between Frank E. Waterman and Mr. Watson, his attorney, for the purchase of the trade name, "A. A. Waterman & "Co." was proved beyond any peradventure. It was proved by the documents themselves and by some of the parties who did the negotiating. See quotations from documents at pages 133-136 of brief.

The brief continually refers to the fact that neither of the Messrs. Chapman were sworn. There was positively nothing that they could swear to that would change conditions in the least. It would

have been merely cumulative of undisputed facts. Mr. I. E. Chapman was, some years ago, struck by lightning, and his nervous condition is such to make testifying very undesirable. His brother had comparatively little to do with this matter. Mr. Geyer, who was for days on the stand, is the one who had charge of everything, and whose former connection with the Frazer & Geyer Company made him the one man who could testify as to every phase of this controversy. The Messrs. Chapman are officers of the Merritt & Chapman Derrick & Wrecking Company, and that business occupies their whole attention. They have nothing to do with A. A. Waterman & Co. or the Modern Pen Company except in a financial way. The practical duties are devolved upon Mr. Geyer and his associates.

The brief comments upon the fact that when Mr. Waterman entered into his various partnerships, he used the firm name of A. A. Waterman & Co., and not Waterman & Gibson, Waterman, Frazer & Geyer, etc. That is a matter of taste, with which this plaintiff has nothing to do. A. A. Waterman & Co. is a proper and usual trade designation. Besides, Mr. A. A. Waterman was at all times the principal figure in these various firms, and he had been long in the field and known from coast to coast. While he was never strong financially, he controlled an enormous trade from ocean to ocean, and he invented the middle joint pen and the self filler which has made A. A. Waterman & Co. famous.

THE ONLY DISTINCTIVE WATERMAN PEN IS THE A. A. WATERMAN "MODERN" SELF FILLER, MANUFACTURED UNDER THE A. A. WATERMAN PATENTS. THE L. E. WATERMAN "IDEAL" PEN IS AN OLD FASHIONED LEAKY UNDER-THE-FINGER JOINT, PROTECTED BY NO PATENT.

When his firm became the sole agent of Frazer & Geyer Company, the manufacturers, he brought 80 per cent of the trade to the new combination, and when in 1905, Mr. Weaver, his attorney, sent out his circular to all the stockholders advising them not to go into the reorganization, it was on the ground that Mr. Waterman controlled substantially all of the trade and that the new combination would therefore be a failure, and its stock not worth fifty cents on a dollar. See Exhibit A-62, pp. 1773, 1774-6.

However, Mr. Waterman soon abandoned his attorney and he and Mr. Geyer came into the reorganization, and it became a great success under Mr. Geyer's management. At all times the different firms of A. A. Waterman & Co. have made a specialty of pens manufactured under Mr. A. A. Waterman's patents, and have been successful through his skill as a salesman and capacity as an inventor. While he was intensely hostile to the defendant when his testimony was taken, he is now with them, covering the western territory.

It is a little late in the day, when the plaintiff arrives at the Supreme Court of the United States, to introduce for the first time the unheard of claim that A. A. Waterman & Company do not manufacture pens and have never done anything under the partnership contract of June 12, 1905.

There was no such controversy or suggestion in any former brief or when the testimony was being taken, and if that had been the issue, it would have been the simplest thing in the world to have met it. It was met by the testimony of Mr. Geyer and Mr. Van Valer, and of all of the traveling men, who knew perfectly well that they were working for the sales agent, but that the pens were manufactured by an entirely different concern.

Inasmuch as Mr. A. A. Waterman was not only

a partner of the manufacturing firm of A. A. Waterman & Co., but was a director and stockholder of the Modern Pen Company, and under all the contracts retains the power of dictating the styles and prices that were to be placed on goods that bore his name, the statements contained in the brief are, to say the least, curious.

Besides, there is no question but what the old firm of A. A. Waterman & Co. (Waterman, Frazer & Geyer), were a going concern for years, and they had a perfect right to sell out their interests to a stranger if they wanted to.

The New York Law Journal of May 2, 1914, contains a reference to the case of *Stix, Baer & Fuller D. Goods Co.* v. *American Piano Co.*, 211 Fed. Rep. 271, November 28, 1913. The general principles enunciated in this case confirm every contention of the defendant. Descendants of the original Knabbe sold out their interests to what might be called a "trust" and started a new "cor-"poration" called Knabbe Bros. Company. The headnote contains the following:

"The second user of a family name in trade may "make an article which possesses all the qualities "of the first manufacture, and may freely so adver-"tise. It would be a grievous perversion of the law "of unfair trade competition to use its doctrines "so as to convert a trade name into a patent right."

The real effect of this decision is absolutely ridiculous, however, requiring the defendant to publish the notice found at page 277, which would take about half a page of ordinary printing. This appears, however, to refer to "circulars," catalogues "and advertisements" only. This case shows how the courts are drifting into the absurd. If that notice were required to be put on every pen manufactured by A. A. Waterman & Co., it would take a microscope to read the notice.

We notice that the plaintiff has substantially nothing to say about the suffix which is the principal point in this appeal. The plaintiff evidently finds that it is not doing its trade any good to require A. A. Waterman & Co. to advertise the plaintiff with a suffix "Not connected with the L. E. "Waterman Company."

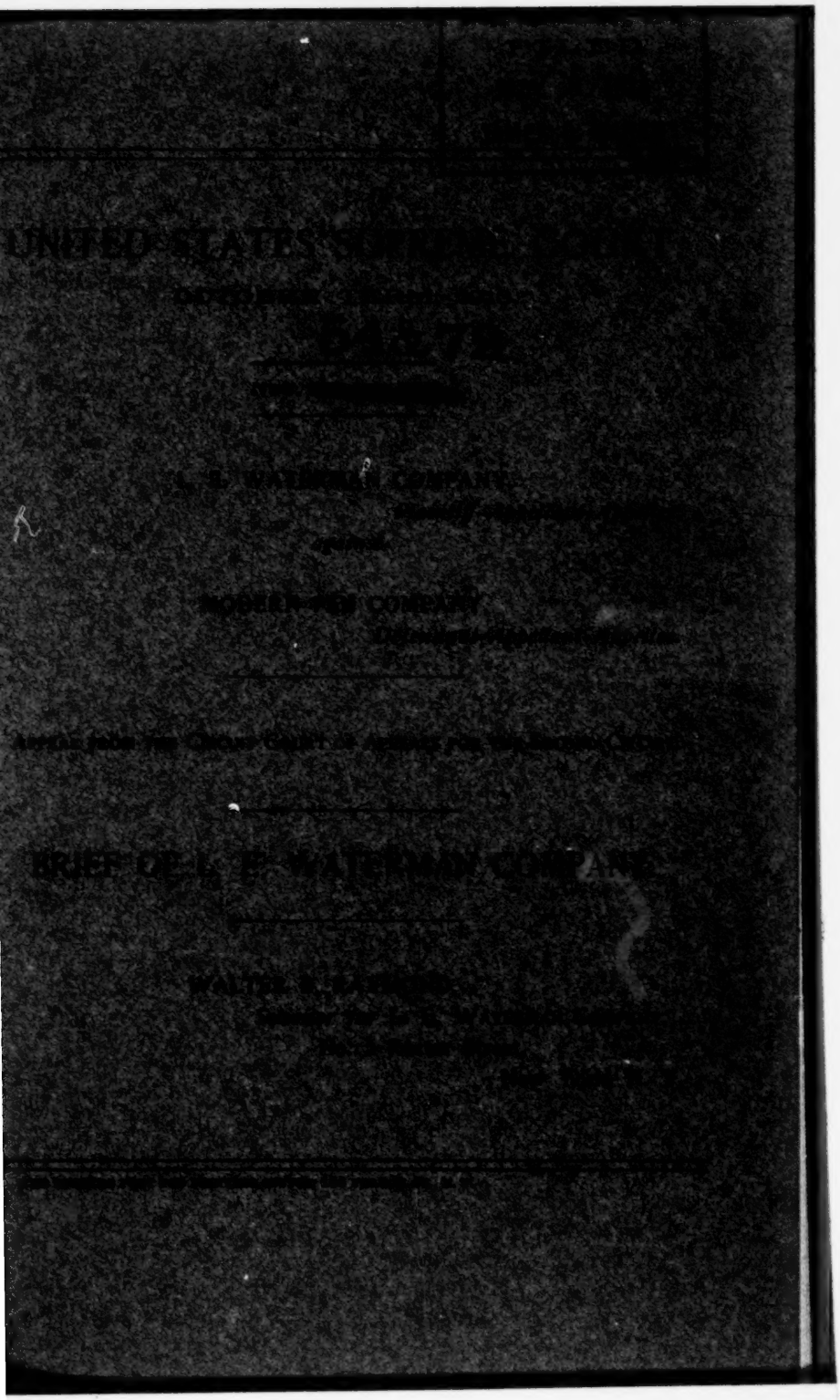
The plaintiff's conduct throughout this entire litigation has been wholly reprehensible. The defendant has never at any time done anything not of good business and moral ethics, and this complaint should be dismissed with costs on all courts.

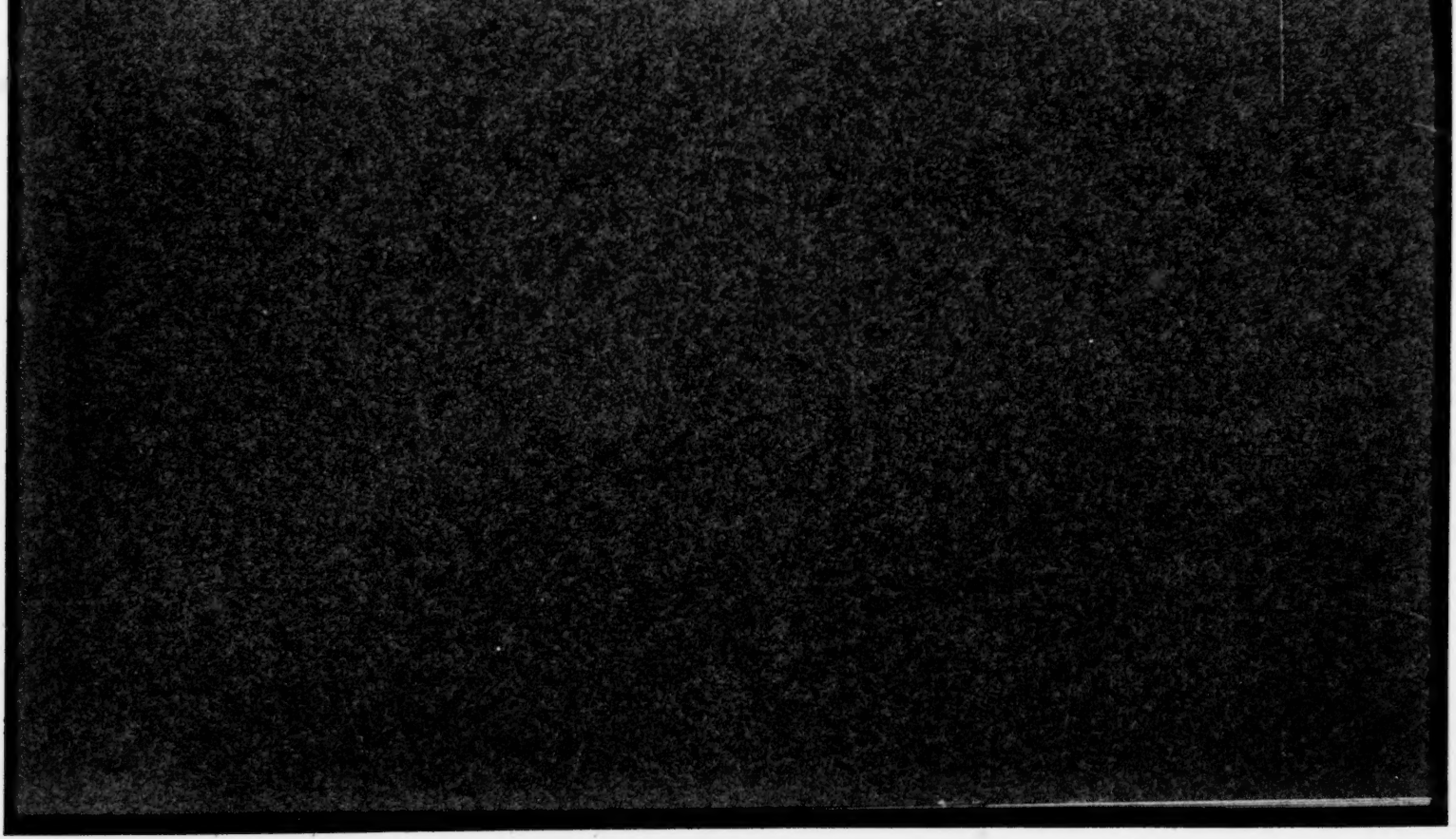
New York, May 5, 1914.

Respectfully submitted,

ALEXANDER S. BACON,
Defendant's Attorney,
37 Liberty Street,
New York.

RECORD PRESS CO., Printers, 11 Vesey St., New York, N. Y.





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Supreme Court of the United States.

OCTOBER TERM, 1913.

L. E. WATERMAN COMPANY, Plaintiff-Appellant-Appellee, AGAINST MODERN PEN COMPANY, Defendant-Appellant-Appellee.	Nos. 340 and 393.

BRIEF ON BEHALF OF THE L. E. WATERMAN COMPANY.

Statement of Case.

The plaintiff below, L. E. Waterman Company, filed its bill against the defendant below, Modern Pen Company, in the United States Circuit Court, for the Southern District of New York, on the 11th day of April, 1910; subsequently, on the 16th day of July, 1910, its amended bill was filed (find Bill at Record, p. 2; and Amended Bill at Record, p. 16), and it is upon that amended bill that the case has proceeded.

This is a case in equity and involves infringement of trade-marks and unfair competition in trade. The trade-marks involved were set up both as common law trade-marks and as duly registered trade-marks under the Act of 1881.

The following decisions have been rendered in this action, to wit.:

1. Opinion (memorandum), by Judge Hough on motion for preliminary injunction (Record, p. 1108).

2. Opinion (*Per Curiam*), Circuit Court of Appeals on appeal from preliminary injunction (Record, p. 1114), officially reported in 183 Fed. Rep., page 118.

3. Opinion, by Judge Hand on final hearing (Record, p. 1816), officially reported, 193 Fed. Rep., page 242.

4. Opinion (*Per Curiam*), Circuit Court of Appeals on Appeal from Decree on Final Hearing (Record, p. 1893), officially reported, 197 Fed. Rep., 534.

5. Opinion, Circuit Court of Appeals on petition of L. E. Waterman Company for rehearing (Record, p. 190), Officially Reported, 197 Fed. Rep., page 536.

6. Opinion (*Per Curiam*), Circuit Court of Appeals on petition of Modern Pen Company for rehearing (Record p. 1906), officially reported, 197 Fed. Rep., page 536.

Summary of Amended Bill of Complaint.

The bill alleges diversity of citizenship, the plaintiff being a New York corporation, the defendant a West Virginia corporation, both, however, having their principal places of business in New York City (Record, p. 16, Par. I, fol. 48).

The plaintiff's business of manufacturing fountain pens was founded by Lewis E. Waterman in 1883 and he at that time adopted and used as trademarks for said pens the words, "Waterman's" and "Waterman's Ideal Fountain Pen, N. Y." and "Ideal" (Record, p. 17, Par. II, fols. 49–50).

The plaintiff company was incorporated in 1887 and succeeded to the business, good will, trade-marks, etc., of Lewis E. Waterman and has continued the business to the present date (Record, p. 17, Par. III, fol. 51).

In 1900 and 1901, the plaintiff company registered the trade-marks above set forth in the United States Patent Office (Record, p. 18, Par. IV, fols. 53–54).

The plaintiff has expended in the excess of $2,500,000 in advertising its pens and its business under the said trade-marks and for the past four or five years has expended in such advertising a sum exceeding $200,000 per annum. Its business has steadily increased from year to year until thousands of these fountain pens are annually sold. The fountain pens have become widely known and recognized and are called for and purchased by the general public as "Waterman Pens" or "Waterman Ideal Fountain Pens." The name "Waterman" for more than twenty years has been well known to the trade and public as indicating the plaintiff company and its goods (Record, p. 19, Par. IV, fols. 56–60).

The defendant, Modern Pen Company, has sold fountain pens not made by plaintiff but stamped with the words "Waterman" and "A. A. Waterman & Co." and has thus infringed plaintiff's trade-marks and simulated plaintiff's corporate name and the trade name of its goods (Record, pp. 20–21, Par. V, fols. 60–61).

Dealers have advertised and sold defendant's pens as "Waterman" pens and "Waterman Ideal" pens and are encouraged by the defendant to do so. These acts are damaging the plaintiff's reputation and good will (Record, p. 21, Par. V, fol. 62).

There is no person of the name "Waterman" connected with the defendant's business since July, 1906. Defendant advertises and holds itself out as sole selling agent of A. A. Waterman & Co., a fictitious business name. This fictitious name is used for the purpose of deceiving the public and

passing off defendant's pens as and for plaintiff's pens. The result has been great confusion among the trade and public as to the identity of origin of plaintiff's and defendant's pens, and plaintiff charges that defendant's act, as aforesaid, constitutes unfair competition and infringement of plaintiff's registered trade-marks (Record, pp. 22–23, Par. VI–VII, fols. 64–69).

Summary of Answer.

The defendant, Modern Pen Company, admits diversity of citizenship and incorporation (Record, p. 1139, Par. A, fol. 3416).

Defendant denies the material averments of plaintiff's bill and sets up that the trade-marks "Waterman" and "Waterman's Ideal Fountain Pen, N. Y." are not susceptible of being valid trade-marks, inasmuch as the word "Waterman's" is a family name and "Fountain Pen, N. Y." is descriptive (Record, p. 1139, Par. B–C, fols. 3417–3418).

Defendant denies that the name "Waterman" in connection with fountain pens indicates the plaintiff company as maker, and avers that the use of the word "Waterman" in connection with fountain pens has not been exclusive with the plaintiff for at least twelve years last past. That during the twelve years, various firms of A. A. Waterman & Co. have made fountain pens to the knowledge of and without interference from the plaintiff and that the use of the word "Waterman" by said firms has been by virtue of a decree of the Supreme Court of the State of New York, and avers that the defendant has equal right with the plaintiff to the use of the name "Waterman" (Record, p. 1140, Par. D, fols. 3419–3421).

Defendant admits that there is no person now connected with the Modern Pen Company by the name of "Waterman"; that the Modern Pen Company holds itself out as sole selling agent of A. A. Waterman & Co., which manufactures and sells

the fountain pens marked "A. A. Waterman & Co." (Record, p. 1141, Par. E-F, fols. 3422-3423).

Avers that the firm name of "A. A. Waterman & Co." is the name of an actual firm, its use legal and rightful, and denies that it has used it for purposes of deception (Record, p. 1141, Par. F, fols. 3423-3424).

Defendant admits that confusion has necessarily arisen between the plaintiff's name, "L. E. Waterman Company" and the name, "A. A. Waterman & Co.," and asserts that the defendant company has as much right to use the name "Waterman" as has the plaintiff (Record, p. 1142, fols. 3425-3426).

By way of special justification of the use of the name "Waterman" by the Modern Pen Company, the defendant alleges that it is the sole selling agent of a firm of A. A. Waterman & Co., composed of Isaac E. Chapman and William L. Chapman, who legally do business under the firm name of "A. A. Waterman & Co," with the same rights that the said firm of A. A. Waterman & Co. had to use the said name as the said firm had prior to July 1, 1906, when one Arthur A. Waterman was a member of the said firm. The Modern Pen Company further claims that Arthur A. Waterman, either individually or as a member of some firm of A. A. Waterman & Co., has continuously manufactured and sold fountain pens bearing the said name for more than twelve years. That complainant is not entitled to the exclusive use of the word "Waterman" in that it is a family name; that the use of the said name, "A A. Waterman & Co.," was expressly permitted by a decree of the Supreme Court of the State of New York in 1898 in an action wherein the plaintiff sued Arthur A. Waterman and E. L. Gibson, and that ever since the said decree the said Arthur A. Waterman, either individually or as a member of some firm of A. A. Waterman & Co., has manufactured and sold fountain pens bearing

the stamp "A. A. Waterman & Co." (Record, pp. 1143-1144, Par. K (1), fols. 3427-3431).

On this answer issue was duly joined.

This case is before this Court on cross-appeals from the following decree:

Decree.

"This cause having come on to be further heard, and on reading and filing the mandate of the United States Circuit Court of Appeals, for the Second Circuit in this cause bearing date the 10th day of June, 1912, A. D., it is now hereby

Ordered, adjudged and decreed, that the former decree entered and filed herein on the 9th day of February, 1912, be and the same is now hereby modified in obedience to said mandate and in cognizance with the opinion of said United States Circuit Court of Appeals. And it is now hereby

Ordered, adjudged and decreed, that a writ of permanent injunction, in due form, go against the defendant, its agents, officers and servants forbidding it or them, or any of them, from using the words, 'Waterman' or 'Waterman's' or 'A. A. Waterman & Co.' or 'A. A. Waterman & Company,' or 'A. A. Waterman,' or 'Ideal' or any representation of a globe, upon any part of any fountain pen or in connection with the sale of fountain pens. And it is now hereby

Ordered, adjudged and decreed, that a writ of permanent injunction, in due form go against the defendant, its agents, officers and servants, forbidding it or them, or any of them, under any of the circumstances hereinafter enumerated, from using the words 'Arthur A. Waterman & Co.,' or 'Arthur A. Waterman & Company,' or 'Arthur A. Waterman,' without the words 'Not Connected with the L. E. Waterman Co.,' in appropriate juxtaposition therewith, written in letters at least as large and equally conspicuous as the said words 'Arthur A.

Waterman & Co.,' or 'Arthur A. Waterman & Company,' or 'Arthur A. Waterman.' The following are the circumstances referred to: engraved or otherwise marked upon any parts of fountain pens sold by them, or offered for sale; in any way marked upon all such boxes containing such pens; whenever in any other way by advertisement, or otherwise, they use the words to denote any fountain pens made or sold, or offered for sale, by them, or that they are the makers or sellers of any fountain pens, but permitting them to use said words without such suffix under all other circumstances.

The pen holders which the defendant had in good faith already marked in accordance with the said former decree of this court with the suffix 'not connected with the original Waterman pen' prior to the decision of the United States Circuit Court of Appeals, or in accordance with the opinion of the United States Circuit Court of Appeals with the suffix 'not connected with the L. E. Waterman Co.,' before the use of the name '*Arthur*' was required by that court, may be sold. It is now hereby

Ordered, adjudged and decreed that the plaintiff L. E. Waterman Company, have and recover of and from the said defendant, Modern Pen Company, its costs, charges and disbursements paid or incurred in this action prior to November 14th, 1910; that the costs, charges and disbursements paid or incurred by both parties in this action, both in this court and in the Circuit Court of Appeals, for the Second Circuit, subsequent to November 14th, 1910, be divided equally between the parties hereto; that all such costs, charges and disbursements be taxed in the usual manner by the clerk of this court; that the same be offset one against the other; and that the party in whose favor there be any balance have execution against the other party for such balance.

LEARNED HAND,
United States District Judge."

The assignment of errors filed by the Modern Pen Company is found in the record at page 1918 and relate solely to unfair competition in trade, and the Modern Pen Company appeals only from that portion of the decree which compels the Modern Pen Company to use the suffix "Not connected with the L. E. Waterman Co." in connection with the words "Arthur A. Waterman & Co."

The appeal of the L. E. Waterman Company is based upon alleged errors relating to trade-marks registered under the laws of 1881 and to matters of unfair competition.

The assignment of errors of the plaintiff below, L. E. Waterman Company, are set forth below (Record, p. 1910):

Complainant's Assignment of Errors.

"The appellant in the above entitled cause in connection with its petition for appeal herein, presents and files therewith its assignment of errors as to which matters and things it says that the judgment and decree entered herein on the 10th day of June, 1912, is manifest error and that the United States Circuit Court of Appeals, for the Second Circuit, erred in this, to wit:

1. The Court erred in holding and deciding that the appellee could use the name 'Arthur A. Waterman & Co.' or 'Arthur A. Waterman & Company' if used with the suffix 'not connected with the L. E. Waterman Co.' in marking, advertising and selling fountain pens.

2. The Court erred in not passing a decree of injunction absolutely prohibiting the appellee from using in connection with the manufacture or sale of fountain pens, or parts thereof, the name 'Arthur A. Waterman & Co.' or 'Arthur A. Waterman & Company' or 'Arthur A. Waterman.'

3. The Court erred in not holding that the alleged partnerships (*a*) between Arthur A. Waterman and Dewey; (*b*) between Frazer, Geyer and Waterman; (*c*) between the two Chapmans and Waterman, were all mere shams or fraudulent devices used as cloaks and covers to secure the names 'Waterman,' 'A. A. Waterman,' 'Arthur A. Waterman,' 'A. A. Waterman & Co.,' 'Arthur A. Waterman & Co.,' and 'Arthur A. Waterman & Company' in the fountain pen business for the purpose of filching the trade and business of the appellant's long prior and established and existing business.

4. The Court erred in holding that any of the alleged partnerships (*a*) of Dewey and Waterman. (*b*) of Frazer, Geyer and Waterman, or (*c*) of the Chapmans and Waterman were *bona fide* firms or at any time did a *bona fide* business.

5. The Court erred in not holding that the agreement of June 12, 1905, upon which the appellee depends for its rights to use the names 'Arthur A. Waterman,' 'Arthur A. Waterman & Co.,' or 'Arthur A. Waterman & Company' was a mere sham or fraudulent device.

6. That Court erred in not holding that neither the appellee, nor the alleged partnership of which the appellee is the selling agent, are the assignee or successors, or in privity with any prior *bona fide* concern entitled to use in any manner whatsoever in the fountain pen business the names 'Arthur A. Waterman,' 'Arthur A. Waterman & Co.,' or 'Arthur A. Waterman & Company.'

7. The Court erred in not decreeing to the appellant the damages which it has suffered by reason of the appellee's infringement of appellant's trademarks and for the damages appellant has suffered by reason of the appellee's unfair trade practice.

8. The Court erred in not decreeing that a writ of permanent injunction issue against the appellee, its agents, officers and servants, forbidding it or them, or any of them, from

(*a*) Directly or indirectly making or causing to be made, selling or causing to be sold, or offering for sale, or advertising any fountain pen of other manufacture than that of the appellant under the name of 'Waterman' or 'Waterman's' or 'Waterman Pens,' or 'Waterman's Pens,' or 'Waterman Fountain Pens' or "Waterman's Fountain Pens' or 'Ideal Pens,' or any mark or name in imitation thereof or near resemblance thereto as might be calculated to deceive or be likely to cause confusion or mistake in the mind of the public or deceive purchasers, or which could indicate that the fountain pens sold, represented or advertised are fountain pens of appellant's manufacture.

(*b*) Infringing the appellant's trade mark "Waterman's Ideal Fountain Pen, N. Y.' or infringing the appellant's trade-mark 'Ideal' and from manufacturing or selling fountain pens (other than fountain pens of appellant's manufacture) having the said trade marks or either of them, or any simulation or colorable imitation thereof, on such fountain pens, whether on the holder or on the gold pen, or on labels, boxes, signs, letterheads, billheads, circulars or advertisements accompanying or used in connection with the making or selling of such fountain pens, or in any manner whatsoever.

(*c*) Directly or indirectly making or causing to be made, selling or causing to be sold, or offering for sale, or advertising any fountain pens of other manufacture than that of the appellant, engraved, imprinted or otherwise marked with any representation of a globe on such fountain pens, or upon boxes containing such pens, or on labels, signs, circulars or advertising accompanying or used in

connection with the advertising or selling of such fountain pens.

(*d*) Using in connection with the manufacture or sale of fountain pens or parts thereof, other than fountain pens of appellant's manufacture, the name 'Waterman' or 'Waterman's' or 'A. A. Waterman' or 'A. A. Waterman & Co.,' or "A. A. Waterman & Company' or 'Arthur A. Waterman & Co.,' or 'Arthur A. Waterman & Company,' or 'Arthur A. Waterman.'

9. The Court erred in not taxing all of the costs against the appellee.

WHEREFORE appellant prays that said judgment and decree of said United States Circuit Court of Appeals, for the Second Circuit, may be corrected according to the laws and customs of the United States."

The questions involved and the manner in which they are raised on the pleadings are as follows:

1. The amended bill alleges the foundation of a business in 1883, the adoption of the trade-mark "Waterman's Ideal Fountain Pen, N. Y.," the continuous and extensive use of that trade-mark through many years; the building up of a large business under this trade mark and the business and trade name "Waterman," and by the expenditure of millions of dollars in advertising such trade-mark and trade name.

The answer denies the acquirement of any trade-mark or trade name rights by the plaintiff.

2. The amended bill alleges that "Waterman's Ideal Fountain Pen, N. Y." is a valid trade-mark duly registered under the Act of 1881 in the United States Patent Office on February 5, 1901, and that

the defendant, Modern Pen Company, infringes such trade-mark.

The answer denies validity and infringement of this trade-mark.

3. The amended bill alleges infringement by the defendant, Modern Pen Company, of its trade-mark "Ideal," duly registered under the Act of 1881 in the United States Patent Office in the year 1900.

The answer denies such infringement.

4. The amended bill alleges that the use of the word "Waterman" by the defendant upon fountain pens and in connection with the sale of fountain pens is confusing and that in the hands of retail dealers defendant's pens marked with that word are instruments of fraud and that dealers use defendant's pens bearing the word "Waterman" for purposes of substitution. That defendant knows of such substitution and encourages it with full knowledge of the rights of the plaintiff.

The answer denies that the plaintiff has any right whatsoever in the use of the name "Waterman" on the ground that the name "Waterman" is a family name and alleges that the defendant company is the sole selling agent of a copartnership called "A. A. Waterman & Co.," composed of Isaac E. Chapman and William L. Chapman, who have acquired certain rights from one Arthur A. Waterman, which alleged copartnership makes the pens sold by the defendant corporation and rightfully stamps them with that name, "A. A. Waterman & Co." The defendant denies any knowledge as to what dealers may do in the substitution of goods.

The answer admits confusion but justifies it on the ground that it is necessary and merely incidental to its ordinary use of the name "Waterman", and admits that there is no one connected with the business of the defendant company of the name of "Waterman" and that there has been nobody connected with the copartnership of "A. A. Water-

man & Co." of the name of "Waterman" since July 1, 1906.

THE PLAINTIFF, THEREFORE, BEARS THE BURDEN OF ESTABLISHING ITS PRIORITY, ITS TRADE-MARK, TRADE NAME, GOOD WILL, RIGHTS AND THE ACTS OF THE DEFENDANT ALLEGED TO VIOLATE THE SAID RIGHTS.

If the plaintiff establishes these facts, the burden then shifts to the defendant to justify its use of the name "Waterman" either as a trade-mark or trade name, and to prove affirmatively each and every allegation of its answer set forth by way of affirmative justification of the use of the name "Waterman."

THE DEFENDANT, MODERN PEN COMPANY, THEREFORE MUST BEAR THE BURDEN OF PROVING THE FOLLOWING AFFIRMATIVE ALLEGATIONS SET FORTH IN ITS ANSWER:

1. That it is the selling agent of a copartnership of A. A. Waterman & Co.

2. That such copartnership of A. A. Waterman & Co. is a legal, valid and existing copartnership.

3. That the said copartnership obtained a right to the use of the name "Waterman."

4. That the said copartnership actually makes fountain pens and rightfully stamps them "A. A. Waterman & Co."

5. That the pens which the defendant, Modern Pen Company, sells are the pens so made and stamped by the said copartnership of A. A. Waterman & Co.

Summary of Evidence of Plaintiff's Rights.

In 1883, Lewis E. Waterman was engaged in the fountain pen business in New York City and adopted as his trade names and trade-marks for his fountain

pens the names "Waterman's", "Ideal" and "Waterman's Ideal Fountain Pen, N. Y." (Record, pp. 32, 33). In 1887, Mr. Lewis E. Waterman organized the plaintiff company which took over and has since carried on said business (Record, pp. 32, 33); fountain pens bearing said trade names and trade-marks (Record, Exs. 7, 8, 103 and 104 offered at pp. 36, 37, 570 and 577), have been continuously made and sold in large numbers by the plaintiff and its predecessors since 1883 and have been widely known, advertised and sold under said trade-names and trade-marks, and have acquired and enjoyed a high reputation for quality and utility; Ferris' Deposition (Record, pp. 34, 35); Lancaster's Deposition (Record, p. 612, Qs. 67–96); Ferris' Deposition (Record, p. 58, Qs. 272–277; p. 72, Q. 286); Plaintiff's Exhibit 21 (Record, pp. 846–847); Stephens' Deposition (Record, p. 279, Q. 16); Poulson's Deposition (Record, p. 560, Qs. 15–18); Chaffee's Deposition (Record, p. 346, Q. 23); Tandy's Deposition (Record, p. 148, Q. 15); Burgoyne's Deposition (Record, p. 374, Qs. 13–16); Bailey's Deposition (Record, p. 381, Q. 10); Flaherty's Deposition (Record, p. 391, Qs. 12–13); Stott's Deposition (Record, p. 395, Q. 10); Barry's Deposition (Record, p. 566, Qs. 24–32); Brook's Deposition (Record, p. 520, Qs. 20–21); Brown's Deposition (Record, p. 445, Q. 18); Wilson's Deposition (Record, p. 486, Qs. 12–13; Cooper's Deposition (Record, p. 356, Qs. 14–16); Joel's Deposition (Record, p. 358, Qs. 11–13); Mason's Deposition (Record, p. 354, Q. 16); Nunn's Deposition (Record, p. 584, Qs. 32–34); Steinmuller's Deposition (Record, p. 1126, Qs. 26–28); Staunton's Deposition (Record, p. 433, Q. 13); Whiting's Deposition (Record, p. 363, Qs. 12–13); and Whiting's Deposition (Record, p. 368, Q. 14) such was the finding of the Supreme Court of the State of New York in 1888 (130 N. Y., 301), and in 1898 (Exhibit B, Record, p. 1603), and is true now, as it was then, as is abundantly shown by the present record cited *supra*. A large and extensive business

has been built up by the plaintiff and a valuable good will and reputation established, and its fountain pens are well known and sold under said trade-marks and trade names in every civilized country of the world (Ferris' Deposition, Record, p. 35) and are generally recognized by dealers and the public as the standard and best fountain pens on the market (Record cited *supra*). The plaintiff has expended a sum exceeding $2,500,000 in advertising and popularizing its fountain pens under said trade-marks and trade names and during the last five years has expended about $200,000 a year in such advertising (Ferris' Deposition, Record, p. 75, Qs. 301, 302-311). The plaintiff's goods are commonly and generally known and advertised the world over as "Waterman Pens" and "Waterman's Fountain Pens" and the name "Waterman" in connection with fountain pens has long since acquired a secondary meaning when applied to fountain pens as indicating plaintiff's goods, and the names "Waterman" and "Waterman's" are the distinguishing characteristic feature by which the complainant company and its wares are known, and such has been the fact for twenty-five years (Record, p. 35, Ferris' testimony, Qs. 28-32; Record, p. 1367, Geyer's (defendant's witness) testimony, Qs. 47-51, x-Q. 1052). It is testified to by a score or more of witnesses called in this case that the trade and public know and call for complainant's fountain pens as "Waterman Pens" and "Waterman's Fountain Pens." See list of witnesses *infra*.

The names "Waterman Pens," "Waterman's Pens" and "Waterman's Fountain Pens" have been the names by which plaintiff's and its predecessors' goods have been commonly known and called for by the trade and public since 1883 (Record, p. 611, Lancaster's Deposition, Qs. 39-49; Record, p. 39, Ferris' Deposition, Qs. 60-67; 196, 197; Record, p. 51; Record, p. 53, Qs. 229-233; Record, pp. 74, 75, Qs. 291-299). These names do not, and never did, designate any special construc-

tion, workmanship or style of fountain pens made and manufactured by the complainant but indicated origin and pointed to the maker, that is, the plaintiff and its predecessors (Record, p. 74, Ferris' Deposition, Qs. 291–296).

In the year 1883 Mr. Lewis E. Waterman was awarded the medal of excellence from the Mechanics' Institute of New York for fountain pens (Record, p. 72, Ferris' Deposition, Q. 286). The plaintiff's pens have been of high excellence in the quality of material, workmanship, design and construction and have been awarded the twenty-five highest awards for fountain pens at various expositions beginning with the year 1883 and extending up to the year 1910. These awards have been for excellence and superiority. At every world's fair and international exposition of prominence held during the last twenty-seven years, fountain pens of plaintiff's and its predecessor's manufacture have been exhibited, and on every occasion when exhibited they have been given the highest award for fountain pens. A list of these awards is found on page 72 to 74 of the Record and a reproduction of some of the medals is found on pages 846 and 847 of the Record (see also Record, p. 612, Lancaster's testimony, Qs. 67–96; Record, p. 58, Ferris' Deposition, Qs. 272–277). Complainant's pens are known and generally recognized as the best and standard fountain pens on the market and such has been the fact for many years. This is testified to by a large number of leading dealers in various cities: Portland, Me. (p. 279, Q. 16); Boston, Mass. (p. 560, Qs. 15–18); New York City, N. Y., (p. 344, Q. 42); Brooklyn, N. Y. (p. 148, Q. 19); Philadelphia, Pa. (p. 374, Qs. 13–16); Washington, D. C. (p. 381, Q. 10; p. 391, Qs. 11–13; p. 395, Q. 10); Rochester, N. Y. (p. 566, Qs. 24–32); Cambridge, Mass. (p. 520, Q. 20); Montreal, Canada (p. 445, Q. 18; p. 486, Qs. 12–13); Pittsburg, Pa. (p. 356, Qs. 14–16; p. 358, Qs. 11–13; p. 354, Qs. 16–18); Baltimore, Md. (p. 584, Qs. 32–34; p. 1126, Qs. 26–28); Toronto, Canada (p. 493,

Q. 13; p. 486, Qs. 12-13); Buffalo, N. Y. (p. 366, Qs. 12-13; p. 368, Q. 14); Lancaster testimony, (p. 611, Qs. 34-52; p. 612, Qs. 67-96).

As far back as the year 1888, the courts of the State of New York have recognized the adoption of the trade-mark "Waterman's Ideal Fountain Pen, N. Y.," and in 1891 in the case of *Waterman Co.* v. *Shipman*, 130 N. Y., 301, Mr. Justice Cullen of the New York Court of Appeals, said:

> "In July of the same year (1883), said Waterman adopted the name 'Waterman's Ideal Fountain Pen' for the fountain pens. * * * It commanded an extensive sale and was a source of great profit to the proprietor. * * * Also that it is known as such article to the public and to the buyers and consumers thereof by that name."

In the case of *L. E. Waterman Co.* v. *Arthur A. Waterman and Edward L Gibson*, Mr. Justice Kellogg, of the Supreme Court of the State of New York, entered a decree in favor of the plaintiff on September 3, 1898 (Defendant's Exhibit B, Record, p. 1603), from which we quote as follows:

> "For several years before 1887 Lewis E. Waterman, the inventor and patentee of such fountain pens, was engaged in their manufacture and sale, and in 1887 he transferred to the plaintiff the said business, and he has since continued as plaintiff's president and general manager. During all this time these fountain pens were stamped 'Waterman's Ideal Fountain Pens, N. Y.' and sometimes 'Waterman's Fountain Pens, N. Y.', and during all this time such fountain pens were known to the trade and to customers and to purchasers at retail as 'Waterman's Pens,' or as 'Waterman's Fountain Pens,' and during such time they have been so advertised by the said Lewis E. Waterman and by the plaintiff and by customers of the said Lewis E. Waterman and of the plaintiff who disposed of such pens at retail.
>
> That the plaintiff corporation since 1887

has been known to the trade and to its customers and to purchasers of such pens as the 'Waterman Company,' or the 'Waterman Pen Company,' and such names indicated to such persons the plaintiff company as the manufacturers and sellers of the said fountain pens. * * *

The plaintiff and said Lewis E. Waterman have largely advertised the said fountain pens and they became well and favorably known to the trade and world and are well made and operative fountain pens. * * *

That these acts of the defendants were done by them with the intent that the public and the trade and purchasers of fountain pens should be led to believe that the fountain pens manufactured by the defendants were Waterman's pens or Waterman's fountain pens, as manufactured for many years by the plaintiff and its predecessor, Lewis E. Waterman, and with hope and expectation that by the use of the said corporate name and by the use of the word Waterman the defendants might be able to obtain a sale for their pens and to obtain an advantage from the name of 'Waterman Company,' and the name of 'Waterman' or 'Waterman's,' which, for many years, have been well known to the trade as indicating the plaintiff Company and its fountain pens."

Summary of Evidence of Defendant's Wrong-doing.

The defendant admits the validity of plaintiff's trade-mark "Ideal" and its infringement (Record, p. 1335), Geyer's testimony, x-Qs. 714–720). Defendant has also infringed plaintiff's trade-mark consisting of the representation of a globe (Record, p. 1339, Geyer's testimony, x-Qs. 758–762; see Exhibit 8, Complainant's Pen, Exhibits 14 and 15, "Royal Ideal Pen" and box).

DEFENDANT MISREPRESENTS AND SUBSTITUTES ITS GOODS AS AND FOR THOSE OF THE PLAINTIFF.

Fred R. Rightmire, defendant's travelling salesman, testifies as follows:

> "I said to the trade that our pen was a genuine Waterman pen, as much as any pen was a Waterman pen. Ours was the genuine A. A. Waterman & Co. pen regardless of what the other fellows had" (Record, p. 1242, rd-Q. 452). "I told the trade that A. A. Waterman & Co. is a genuine Waterman pen" (Record, p. 1242, rx-Q. 457). "When the question was brought up, I have sold all the pens as A. A. Waterman & Co. pens; if it was a genuine Waterman, I answered it, yes, and told them so" (Record, p. 1242, rx-Q. 458).
>
> "x-Q. 155. You say one in a hundred does not know the difference in the pen he is getting? A. In that he is getting a Waterman pen; the same as the man is getting a Faber pencil.
>
> x-Q. 156. Dealers are selling A. A. Waterman & Co. as a genuine Waterman pen? A. As a genuine A. A. Waterman pen.
>
> x Q. 157. Are they not selling them as genuine Waterman pens? A. As a genuine Waterman pen?
>
> x-Q. 158. Yes? A. Yes, a genuine Waterman pen" (Record, p. 1221).

Harry C. Bartlett, Jr., another of defendant's travelling salesmen, testified as follows:

> "If it is a self-filling pen, we call it a Modern A. A. Waterman Company. If it is a middle joint I call it a Modern A. A. Waterman" (Record, p. 1178, x-Q. 406). "I do not always call them Waterman pens when I talk about them for any length of time." (Record, p. 1178, x-Q. 407.) "Sometimes I do, I call them A. A. Waterman pens." (Record, p. 1178, x-Q. 408.)
>
> "x-Q. 427. And that is the position you always take with all your dealers?
>
> A. How do you mean?

x-Q. 428. That they have the right to call them Waterman pens?

A. Yes, they have the right to call them Waterman pens if they want to."

"They have the right to call them Waterman pens because it is a Waterman pen." (Record, p. 1178, x-Q. 432.)

Max L. Blatz, another of defendant's travelling salesmen, testified as follows (Record, p. 1486):

"x-Q. 99. If she had sold one of your pens as a Waterman pen and given a written receipt for it as a Waterman pen, she would have been doing something that was not right, wouldn't she?

A. I don't know; that is a difficult question. If she gave an A. A. Waterman & Co. receipt, she would be giving a receipt that read A. A. Waterman & Co.

x-Q. 100. But if she had given a receipt as a Waterman pen, when she in reality sold an A. A. Waterman & Co. pen, would she be doing what was right?

A. She would be doing what was right, yes."

The defendant paid one-half the cost of advertisements by certain dealers in which defendant's pens were advertised as "Waterman Fountain Pens ideal for Christmas giving" and made such payments after seeing such advertisements (see Advertisements, Exhibit 11, Record, p. 337; Ash's testimony, Record, pp. 335–376, Rd-Q. 34–40).

"Rd-Q. 38. A copy of the advertisement was submitted to the Modern Pen Company before they paid their portion of the cost?

A. Yes." (Record, p. 336).

The advertisement covered by this answer is shown at Record, page 337, and appeared in at least two newspapers (Record, p. 332, Qs. 7–12).

The Defendant has Encouraged the Use of the Name "Waterman" by its Dealers and Agents, and has Sought to Unfairly Profit by the Resulting Confusion in the Trade.

The defendant's manager, Geyer, admits that the name "Waterman" indicates in the trade the plaintiff's goods (Record, p. 1367, x-Q. 1052).

The testimony of the defendant's salesmen, Rightmire (Record, p. 1242, rx. Q. 458; Record, p. 1221, x-Qs. 155-158); Bartlett (Record, p. 1169, x-Q. 287; p. 1182, x-Q. 474; p. 1178, x-Qs. 406-407; x Qs. 427-428-432); and Blatz (Record, p. 1486, x-Qs. 99-100) shows conclusively the sales methods of the defendant in putting into the hands of the dealers their goods under the name "Waterman" as a tool of fraud for their substitution by the dealers as and for the goods of the plaintiff company.

The testimony of Geyer, himself, refers to A. A. Waterman & Co. as the "Waterman Company," which is again illustrative of the facility with which the defendant creates confusion as to its identity and the origin of its goods (Geyer's deposition, Record, p. 1277, Q. 167).

It is testified by a score or more of witnesses called in this case that the trade and public know and call for plaintiff's fountain pens as "Waterman pens" or "Waterman's Fountain Pens;" see depositions of:

Edward M. Stevens, who has been handling these pens for ten years in Portland, Maine (p. 279, Qs. 14-24).

Richard H. Waldo, who has known of these pens for ten years (p. 288, Qs. 18-27).

Arthur N. Chaffee, who has been selling these pens for seventeen years in New York City (p. 346, Qs. 21-25, 30-49).

H. Lee Mason, Jr., who has been handling and

selling these pens for twenty years in Pittsburg, Pa. (p. 353, Qs. 9-17).

John A. Cooper, who has been selling these pens for twenty-three years in Pittsburg, Pa. (p. 355, Qs. 11-16, 26-28).

Ephriam M. Joel, who has been selling these pens for eight years in Pittsburg, Pa. (p. 358, Qs. 8-18).

Du Monte A. Whiting, who has been selling these pens for twelve years in Buffalo, N. Y. (p. 362, Qs. 10-13, 32-35).

Willis P. Whiting, who has been selling these pens for fifteen years in Buffalo, N. Y. (p. 368, Qs. 10-16).

Sidney J. Burgoyne, who has been selling these pens for sixteen years in Philadelphia, Pa. (p. 373, Qs. 6-16, 25-27).

Ralph S. Bailey, who has been selling these pens in Washington, D. C., for fourteen years (p. 380, Qs. 3-10, 18-19).

Rolland E. Fleharty who has been selling these pens in Washington, D. C., for fourteen years (p. 390, Qs. 6-13).

Charles G. Stott who has been selling these pens in Washington, D. C., for fifteen years (p. 395, Qs. 7-10).

William Foster Brown who has been selling these pens in Montreal, Canada, for twenty years (p. 444, Qs. 6-18).

James Southerland who has been selling these pens in Montreal, Canada, for twelve years (p. 465, Qs. 10-16).

William J. C. Wilson who has been selling these pens for fifteen years in Toronto, Canada (p. 486, Qs. 6-13).

Warren N. Lancaster who has been familiar with these pens since 1883 (p. 611, Qs. 39-51).

George F. T. Brooks who has been selling these pens for fifteen years in Cambridge, Mass. (p. 519, Qs. 7-17; 56).

William J. Chaplin who has been familiar with

these pens in Boston, and selling them for ten years (p. 526, Qs. 11-24).

Howard L. Wheeler who has been selling these pens for seventeen years in Providence, R. I. (p. 556, Qs. 10-14).

Harper W. Poulson who has been selling these pens in Boston, Mass., for fifteen years (p. 560, Qs. 15-25).

Kevin W. Barry who has been familiar with these pens for some years, and selling them in the City of Rochester, N. Y., three years (p. 564, Qs. 10-14).

J. Edward Nunn who has been selling these pens in Baltimore, Md., for fifteen years (p. 582, Qs. 18-25, 69-71).

Theodore A. Steinmuller who has been selling these pens in Baltimore, Md., for twenty-five years (p. 1125, Qs. 14-21).

Van Brunt Tandy who has been handling fountain pens for sixteen years in Brooklyn, N. Y. (p. 148, Qs. 14-16).

O. B. Stanton who has been handling these pens for eighteen years in Toronto, Canada (p. 494, Q. 23; p. 492, Qs. 8-11.

George P. Kneeland for eleven years in Cleveland, O. (p. 513, Qs. 3-6; 10-11).

The defendant admits that there is confusion (Record, p. 199); it is shown that three of the defendant's salesmen, Rightmire (p. 1242); Bartlett (p. 1178), and Blatz (p. 1486), sold and recommended the sale of the goods of the defendant to its dealers as " Waterman Pens." Twice has the complainant company been obliged to bring action against dealers in the so-called A. A. Waterman & Co. pens.

The Cleveland Case.

L. E. Waterman Company vs. *Standard Drug Company.*

This action was begun in October, 1909, in the United States Circuit Court at Cleveland, Ohio, for

infringement of trade-mark and unfair competition in trade.

The complaint was somewhat similar to the one in the case at bar and is contained in full in the record (Defendant's Exhibit A–28, p. 1694).

The motion for a preliminary injunction came on before Judge Tayler, who, after hearing counsel for the respective parties at length, stated he would grant the preliminary injunction. Thereupon the Standard Drug Company stated they had no further defense to make and would consent that the injunction be made permanent, and it was entered in the form shown in the record at page 1703 (Defendant's Exhibit A-29).

The defendant's claims as urged in this case were all presented and considered. The defendant has strenuously urged that this decree was obtained by fraud and collusion between the plaintiff and the Standard Drug Company. The later history of this case is found in 202 Fed. Rep., p. 167, where the complainant moved for an attachment in contempt against the Standard Drug Company, and one Sol Teller was alleged to be a tenant of the Standard Drug Company and a customer of the defendant herein.

Sol Teller was represented by counsel retained by the Modern Pen Company. The Circuit Court of Appeals there found that the decree entered by Judge Tayler was not fraudulent or collusive or entered by consent of the parties. See *L. E. Waterman Co.* vs. *Standard Drug Co.*, 202 Fed., pp. 167-172 (C. C. A.).

The Washington Case.

L. E. Waterman Company vs. *John Saadi.*

This case was started in the early part of December, 1909, in the Supreme Court of the District of Columbia.

The complaint generally was somewhat similar to

the complaint at bar. The attorneys for the defendant Saadi were also retained and employed by the defendant at bar and by A. A. Waterman & Co. to defend their alleged rights in the Saadi connection (see Record, pp. 134-5).

Saadi was selling a pen made by A. A. Waterman & Co., stamped with a globe containing a representation of the continent of Africa and marked "Royal Ideal."

The judgment and decree in favor of the plaintiff is found at page 842 of the Record. It finds the defendant guilty of unfair trade by his use of "A. A. Waterman & Co."

The plaintiff contends that this is binding on the defendant at bar, the defendant having retained and paid the counsel for the said Saadi.

21. *Souffront* vs. *Compagnie des Sucreries*, 217 U. S., 475.

The defendant, although admitting the validity of the trade mark "Ideal" and denying in its answer, verified by the very man who sold Saadi the pens, was compelled to admit an infringement of the trade-mark "Ideal" (Record, pp. 1335-7, Qs. 1714-1740).

The above cases are illustrative of the acts of the defendant's customers, aided and encouraged by the defendant itself and the position of its salesmen, to wit, that its customers are entitled to use the name "Waterman" alone in the sale of its goods.

The plaintiff contends that these acts of the defendant constitute an infringement of its trade-marks "Ideal" and "Waterman's Ideal Fountain Pen, N. Y.", registered under the Act of 1881.

Confusion.

Confusion is admitted in defendant's answer in the following words, to wit:

> "The defendant admits that some confusion necessarily has arisen by reason of

> the fact that the names L. E. Waterman Company and A. A. Waterman & Co. are somewhat similar" (Record, Answer, p. 1142, fol. 3425).

Hobart W. Geyer, treasurer of the defendant Modern Pen Company and the principal witness of the defendant, testified: "We admit there is confusion" (Record, p. 1356, x-Q. 934). "I think the words Waterman's Fountain Pens in the trade generally mean L. E. Waterman Company's goods" (Record, p. 1367, x-Q. 1052). "We could differentiate our goods from those of the L. E. Waterman Company in any quanity of ways if we wanted to" (Record, p. 1372, x-Q. 1082). "I am able to say that there has been considerable or quite extended confusion in the trade or minds of the public from the letters we get and from the reports that I get" (x-Q. 1107).

Furthermore, complainant has proven beyond any doubt that confusion exists among the trade and public between plaintiff's and defendant's goods and that people that had received A A. Waterman pens when asking for Waterman's pens thought they were pens of the L. E. Waterman Company make and were genuine Waterman's Fountain Pens. When purchasers asked for a *Waterman* pen, they wanted and expected to receive a Waterman's Ideal Fountain Pen of the manufacture of L. E. Waterman Company, as shown by the following depositions:

Arthur N. Chaffee in New York (p. 347, Qs. 30-49); John A. Cooper in Pittsburg, Pa. (p. 356, Qs. 18-28); Ephraim M. Joel in Pittsburg, Pa. (p. 558, Qs. 15-25; 39-40); Du Monte A. Whiting in Buffalo, N. Y. (p. 364, Qs. 24-35); Rolland E. Fleharty in Washington, D. C. (p. 391, Qs. 14-18); William Foster Brown in Montreal, Canada (p. 447, Qs. 44-48); William J. C. Wilson in Toronto, Canada (p. 487, Qs. 20-21); James Southerland in Montreal, Canada (p. 466, Qs. 19-24); Oliver B. Stanton in Toronto,

Canada (p. 495, Qs. 38–41); Theodore A. Steinmuller in Baltimore, Md. (p. 1115, Qs. 14–28); George F. T. Brooks, Cambridge, Mass. (p. 519, Qs. 17–21); Howard L. Wheeler in Providence, R. I. (p. 557, Qs. 15–17; 31–36); Kevin W. Barry in Rochester, N. Y. (p. 565, Qs. 15–26); Harper W. Poulson in Boston, Mass. (p. 562, Qs. 52–58); Van Brunt Tandy in Brooklyn, N. Y. (p. 148, Qs. 18–22).

Confusion is further shown in a mass of letters, envelopes and other exhibits in this record in connection with the depositions of William I. Ferris (Record, p. 36); Plaintiff's Exhibit 6 (Record, pp. 956–1107); William H. Kernan (Record, pp. 247–264); Plaintiff's Exhibits 47–99*a* (Record, pp. 868–922), and Edward J. Kastner (Record, pp. 188–193); Plaintiff's Exhibits 31–46 (Record, pp. 851–867); advertisements (Record, pp. 337, 848, 849 and 866).

Synopsis of Evidence in the Record as to Arthur A. Waterman's Career in the Fountain Pen Business.

Prior to 1897, Arthur A. Waterman was employed by the complainant as a salesman (Record, p. 1605, fol. 4814); and in 1897 in partnership with one Edward L. Gibson, he began the manufacture and sale of fountain pens under the name "A. A. Waterman Pen Company" (Record, p. 93 Waterman's testimony, Qs. 5 and 6), which name in 1898 was changed to A. A. Waterman & Co. (Arthur A. Waterman's testimony, Record, p. 93, Qs. 9–12; Stevens' testimony, Record p. 792, Q. 32; Record, pp. 800–802, x-Qs. 115–134); in 1897, the complainant began an action against the said Arthur A. Waterman and Gibson for unfair competition in trade, which resulted in a decree favorable to complainant, entered on September 3, 1898 (Record, p. 1603). On February 1, 1899, the partnership composed of Arthur A. Waterman and Gibson was dissolved

(Record, p. 93, Arthur A. Waterman's testimony, Q. 12). This Waterman-Gibson partnership had existed only five or six months (Stevens' testimony, Record, p. 794. Qs. 27–31; A. A. Waterman's deposition, Record, p. 93, Q. 12; Plaintiff's Exhibit 100, Record, p. 578; Exhibit 102, Record, p. 590; Stevens' deposition, Record, p. 795, Qs. 38–39; Record, p. 796, Qs. 44–45, 49, 56; Record, p. 801, x-Q. 124; Record, p. 803, x-Qs. 159–165). The business name and good will of the Waterman-Gibson concern were assigned and turned over to one Rhodes Lockwood for the debts of the partnership (Stevens' Deposition, Record, p. 795, Qs. 38–45, 49, 56, 60, 61; Record, p. 798, Q. 75; Record p. 803, x-Qs. 150–159, x-Q. 164; Record p. 805, x-Q. 187; Record, p. 807, x-Q. 207; Record, p. 810, x-Qs. 256–272; Record, p. 813, Rd-Qs. 292–294; Record, p. 814, Rd-Qs. 300–301; Record, p. 816, Rx-Qs. 337–341). After the dissolution of the partnership composed of Arthur A. Waterman and Edward L. Gibson, Arthur A. Waterman continued in the fountain pen business, using the name A. A. Waterman, Maker, Boston, on his pens. He had no partners and there was no firm of A. A. Waterman & Co. in existence (Arthur A. Waterman's testimony, Record, p. 93, Qs. 12–16; Record, p. 111, x-Q. 5; Chaplin's testimony, Record, p. 532, x-Qs. 73–86; Record, p. 545, Rd-Qs. 189–192; Stevens' testimony, Record, p. 797; Qs. 57–59). Thereafter Arthur A. Waterman helped organize the Colonial Pen Company by which he was employed (Chaplin's testimony, Record, p. 533, x-Qs. 87–89). This concern afterwards had a factory and stamped its fountain pens in various ways, including the stamp "A. A. Waterman & Co." (Chaplin's testimony, Record, p. 534, x-Qs. 92–93; Record, p. 545, Rd-Qs. 199–203).

Arthur A. Waterman had no interest in this factory; it belonged to the Colonial Pen Company (Chaplin's testimony, Record, p. 553, Rd-Qs. 309–317). In the latter part of 1900, Arthur A. Waterman severed his connection with the Colonial Pen Company which failed and all its assets as a

going concern were sold to one Lancaster (Record, p. 550, Rd-Qs. 260–261). Thereafter A. A. Waterman made a contract with William G. Frazer and Hobart W. Geyer, dated January, 1901 (Record, p. 94, Qs. 18–19, Waterman's testimony; Defendant's Exhibit A-4, Record, p. 1635; Geyer's testimony, Record, p. 1290, x-Qs. 279–283; Record, p. 1293, x-Qs. 304–306). Arthur A. Waterman entered into an arrangement at that time with said Frazer and Geyer for a term of ten years (Record, p. 94, Waterman's deposition, Qs. 21, 22), and pens were made and marked "A. A. Waterman & Co., N. Y." (Record, p. 94, Q. 19, Waterman's deposition). The Frazer & Geyer Company, a corporation, was hired to manufacture the parts. Arthur A. Waterman had no interest in the corporation of the Frazer & Geyer Company (Record, p. 94, Waterman's deposition, Q. 24), and looked solely to the alleged copartnership composed of Frazer, Geyer and Waterman for his remuneration, which were a salary and a royalty, so-called, so much per pen that bore his name (Record, p. 95, Waterman's deposition, Qs. 26, 27). In the fall of 1901, the contract between Frazer, Geyer and Waterman was extended for a term of forty years to obtain the use of Waterman's name (Record, p. 95, Q. 32) and the interests under the contract transferred to the Frazer & Geyer Company; and Waterman assigned all his interest and royalties under the contract and took back a block of stock of the Frazer & Geyer Company, this stock being placed in the hands of a trustee to insure that Waterman would stay with them for a number of years (Record, p, 96, Waterman's deposition, Q. 34). Arthur A. Waterman had no business management in the Frazer, Geyer, Waterman combination, but he was to be consulted in reference to the form or style of the goods (Record, p. 96, Waterman's deposition, Qs. 41–42). On December 12, 1901, Frazer & Geyer Company, the corporation, made a contract with the firm of A. A. Waterman & Co., composed of Frazer, Geyer and Waterman, whereby the Frazer

& Geyer Company agreed to make all the goods that A. A. Waterman & Co. could sell, and A. A. Waterman & Co. agreed that the Frazer & Geyer Company should have the exclusive right to make all the goods that Frazer, Geyer and Waterman required and agreed not to give orders elsewhere and certain other conditions were thereunto attached (Defendant's Exhibit A-8, Record, p. 1645).

On February 11, 1905, a further agreement (Defendant's Exhibit A-11, Record, p. 1659) was made between Frazer & Geyer Company and Arthur A. Waterman, which provided for an assignment to the corporation, Frazer & Geyer Company, of all the profits of the firm of A. A. Waterman & Co.; fifty shares of stock given to Arthur A. Waterman by agreement of December 12, 1901, in trust, were transferred to him absolutely. Arthur A. Waterman agreed not to engage in the fountain pen business or to permit any person, firm or corporation to use his name except the existing firm of A. A. Waterman & Co. (Frazer, Geyer and Waterman), and the corporation, Frazer & Geyer Company, except that Arthur A. Waterman may engage in such business in the western part of North America, in accordance with the agreement of even date (Defendant's Exhibit A-10, Record, p. 1650); that Arthur A. Waterman, upon request, would consent to the incorporation of a new company under the corporate name of A. A. Waterman Pen Company or A. A. Waterman & Co., or other similar name, to do business in the eastern part of North America, upon receiving sufficient surety against liability to the L. E. Waterman Company by reason of the use of such corporate name (Record, p. 98, Qs. 57-69), and that Arthur A. Waterman was to be released from all present claims against him by the firm of A. A. Waterman & Co. (Frazer, Geyer and Waterman), and the corporation, Frazer & Geyer Company, and Arthur A. Waterman to assign to the corporation of Frazer & Geyer Company his individual interest in all patents, trade-marks, etc., in

which A. A. Waterman & Co. (Frazer, Geyer and Waterman) was interested, including the right to the name of A. A. Waterman & Co. (Defendant's Exhibit A–11, Record, p. 1659).

On June 24, 1905, A. A. Waterman and Geyer, acting as liquidating partners of the firm of A. A. Waterman & Co. (composed of Frazer, Geyer and Waterman), transferred to the Frazer & Geyer Company certain assets and property expressly enumerated or scheduled in detail (Exhibit 133, p. 938), thereby reducing the indebtedness of A. A. Waterman & Co. to the Frazer & Geyer Company to $10,449.27. Attention is called to the fact that there is no mention in this transfer of the business, or good will, or trade name or trade-marks, and Geyer and Frazer both testify that this is the only transfer or assignment ever made except the assignments of profits made in 1901 (Exhibits A–6, A–7, pp. 1639, 1642), previously referred to (Geyer's testimony p. 1316, x-Qs. 548–556; p. 1343, x-Qs. 805, 806; Frazer's testimony, p. 786, Rd-Qs. 191–200) and Geyer testifies that this transfer (Exhibit 133, p. 938) is the only transfer or assignment that he (Geyer) knows anything about. Obviously, the good will and the right to use the firm name did not pass by this transfer, especially in view of the receivership proceedings.

That thereafter one Alexander D. Henderson was duly appointed receiver of the copartnership property, assets and effects of the firm of A. A. Waterman & Co. (Frazer, Geyer and Waterman) by an order made in the Supreme Court of the State of New York on the 10th day of July, 1905, and entered on the 11th day of July, 1905 (Record, p. 951; Plaintiff's Exhibit 130, Record, pp. 933-935). The said receiver, Alexander D. Henderson, qualified thereunder and furnished a bond in the sum of five thousand dollars on the 14th day of July, 1905, conditioned for the performance of his duties as such receiver (Plaintiff's Exhibit 138, Record, p. 952, fol. 2854). That thereafter such receivership was made

permanent and continued until 1908 (Plaintiff's Exhibit 138, Record, p. 952, fol. 2855).

In May, 1905, the Frazer & Geyer Company sued Frazer, Geyer and Waterman, composing the firm of A. A. Waterman & Co. (Complaint, verified May 17, 1905), and recovered judgment (entered June 4, 1908), for $12,338.50 (Plaintiff's Exhibit 131, p. 936). In May, 1905, Isaac E. Chapman sued Frazer & Geyer Company and recovered judgment in June, 1905, for $20,163.90 (Plaintiff's Exhibit 134, p. 939). Isaac E. Chapman sued Frazer individually for money loaned and in May, 1905, secured judgment for $1,677.58, on which execution was issued and returned unsatisfied and a receiver in supplementary proceedings was appointed on June 7, 1905, for Frazer individually (Exhibit A-3, p. 1634). It was claimed by the Chapmans that this receivership dissolved the firm of Frazer, Geyer and Waterman and left Waterman free to enter into the agreement of alleged partnership of June 12, 1905; Frazer and Geyer claimed (see Exhibit 127, p. 924, fols. 2771-2773) that this was a part of a scheme to get rid of Frazer and Geyer, and give an excuse for the arrangement which followed between the Chapmans and A. A. Waterman and which had been previously arranged by the agreement of May 27, 1905 (Defendant's Exhibit A-12, p. 1666).

On June 10, 1905, an execution was issued on the judgment in favor of Isaac E. Chapman against Frazer & Geyer Company, and certain assets as scheduled in Plaintiff's Exhibit 134, page 938, which it had on June 10, 1905, were sold on June 16, 1905, by the Sheriff, under this execution, for $4,900, subject to a mortgage of $10,000, and were purchased by one Quackenbush (p. 939). The good will or trade names or trade-marks were not mentioned as a part of the assets sold and the testimony of the defendant's own witnesses is that no other assignment or transfer was made or business of any kind transacted by the Frazer & Geyer Company after this sale. The only witness called, familiar with

these matters, was Geyer, defendant's treasurer, who testified to the above effect (see Geyer's Deposition, Record, p. 1309, x-Qs. 479–481; pp. 1316–17, x-Qs. 548–556; p. 1330, x-Qs. 668–671).

The sale made by the Sheriff was to T. T. Quackenbush, of No. 17 Battery Place, New York City, and there is no evidence in the record to show what, if anything, Quackenbush, ever transferred or sold to anybody, and as far as any witness knows or the record shows the title of whatever was sold by the Sheriff on June 16, 1905, is still in Quackenbush; the only witness who might have any knowledge of this matter is Geyer, defendant's treasurer, who was asked (Record, p. 1314, x-Qs. 521–528) what was sold and he replied:

> "I don't know what was included in it. At the time I was not with the concern. It was during the short time that Frazer and myself were out of there fighting the Chapmans and I don't know just what was done" (p. 1314, x-Q. 522).

The "CHAPMAN, WATERMAN AND CHAPMAN" Agreement under which defendant, Modern Pen Company, "*Justifies*".

On the 12th day of June, 1905, Isaac E. Chapman, Arthur A. Waterman and William L. Chapman made an agreement of alleged partnership. This contract (Defendant's Exhibit A-13, Record, p. 1668) of June 12, 1905, is the entire basis of the Modern Pen Company's justification of the use of the name "Waterman" (Record, pp. 1340–41, x-Qs. 777–782) and will be discussed in detail and the Court's attention particularly directed to the same.

On June 17, 1905, the Modern Pen Company, defendant herein, was organized, Isaac E. Chapman and William L. Chapman being officers and directors from its incorporation.

It is submitted that plaintiff's uncontradicted evidence in support of the good will and acts of infringement fully sustains the allegations of the bill,

and *prima facie* establishes plaintiff's priority in use of name "Waterman" as a business name, trade-name and trade-mark. *The burden is on a defendant who uses plaintiff's trade-name to justify the using thereof.*

1. *Jacobs* v. *Beecham*, 221 U. S., 263.

No evidence is offered by the defendant in contradiction of the good will rights and the alleged acts of trade-mark infringement and unfair competition in trade.

Evidence in Support of Affirmative Defense or Justification set up in Answer.

This "Justification" is, shortly stated, that the defendant company is the selling agent of a partnership of Isaac E. Chapman and William L. Chapman, which is alleged to be the successor of a partnership of which Arthur A. Waterman was a member; that the present partnership of the two Chapmans has a right by contract to continue the use of the name of the original partnership, A. A. Waterman & Co.; that the partnership of the two Chapmans makes and stamps pens "A. A. Waterman & Co." and that the defendant company sells these pens.

This "Justification" involves proof by the defendant company of these allegations of the answer:

1. That there was formed a partnership, the members of which were Arthur A. Waterman and Isaac E. Chapman and William L. Chapman, from which A. A. Waterman retired (Answer, Par. K (1), Record, p. 1143, fol. 3428).

2. That the present partnership of Chapman and Chapman has a right to continue the use of the firm name of A. A. Waterman & Co. (Answer, Par. K (1), Record, p. 1143, fol. 3428).

3. That the present co-partnership of Chapman and Chapman makes fountain pens and stamps them "A. A. Waterman & Co." (Answer, Par. K (1), Record, p. 1144, fol. 3430).

4. That the pens which the defendant, Modern Pen Company, sells are pens madeby Chapman and Chapman (Answer, Par. K (1), Record, p. 1143, fol. 3427).

Unless the defendant has established by competent evidence each and every one of the above propositions 1, 2, 3, and 4, the "Justification" fails.

1. If the Modern Pen Company fails to prove that there was a partnership of which Arthur A. Waterman was a member, obviously the justification fails.

2. If the Modern Pen Company proves "1" but fails to prove that the present partnership of Chapman and Chapman has the right to use the firm name of "A. A. Waterman & Co." the justification fails.

3. If the Modern Pen Company proves "1" and "2" but fails to prove that the present co-partnership of Chapman and Chapman makes fountain pens and stamps them "A. A. Waterman & Co.", the justification fails.

4. If the Modern Pen Company proves "1", "2" and "3" but fails to prove that the pens which the defendant Modern Pen Company sells, are the pens so made, the justification fails.

The only evidence in the record in reference to "1" is the agreement, bearing date June 12, 1905, Exhibit A-13 (Record, p. 1668) on Defendant's behalf, and the deposition of Arthur A. Waterman, a witness called by complainant (Record, p. 107 *et seq.*).

The only evidence in the record in support of "2" is the said partnership agreement of June 12, 1905,

and the agreement between Arthur A. Waterman and the Modern Pen Company, dated July 5, 1905, Exhibit A-14 (Record, p. 1673.)

The evidence in support of 3 and 4 is contained in the depositions of Arthur A. Waterman and Geyer, the manager of the defendant company. Nowhere else in the record is there any reference to these matters. Mr. Waterman testifies that the alleged firm of A. A. Waterman & Co. in which Waterman and the two Chapmans were concerned and for which firm the defendant company was said to be the sole selling agent, never made anything, nor sold anything, nor bought anything, nor did anything; it kept no books, nothing was done by it (Record, p. 101). Mr. Waterman was a witness for the complainant under subpœna. He, if any one, should know what the alleged firm of A. A. Waterman & Co. was and did. Whatever inference may be drawn from the fact that Mr. Waterman testified for the complainant is fully met by the fact that neither of the Chapmans who were equally well acquainted with the facts, appeared as witnesses for the defendant company, although they are respectively the president and treasurer thereof.

If Waterman did not tell the truth this defendant's officers might be expected to appear and say so. Mr. Geyer testifies for the defendant that "the Waterman Co." makes the pens marked "A. A. Waterman & Co." (Record, p. 1277, Qs. 167–8; p. 1346, Qs. 837–8). Upon cross-examination he states that the firm of A. A. Waterman & Co. did not own the plant in which the pens were made; that he was in charge and Mr. Van Valer made the pens (Record, p. 1146). No books were produced, no records of production or pay-rolls, no bills for supplies or sales and absolutely no proof offered as to the actual manufacture of goods, except the statement of Geyer that "the Waterman Co." "make the pens" (Record, p. 1277, Qs. 167–8–9). This testimony surely is not sufficient to sustain the defendant's burden in view of the positive testimony of A. A. Waterman that the

firm did nothing, and the Modern Pen Company did all the business, including the manufacture of pens (Record, p. 101 *et seq.*).

Van Valer, the superintendent of the alleged A. A. Waterman & Co. factory, testifies that he worked for A. A. Waterman & Co. ever since they were in existence in New York, and then testified that he worked for the Frazer & Geyer Company "from 1897 until the Frazer & Geyer Company went out, if they are out. I don't know" (Record, p. 1495, Q. 4; p. 1510, x-Qs. 173–179).

When the Court considers that under the contracts between Frazer, Geyer and Waterman, A. A. Waterman & Co. was a mere selling agent for Frazer & Geyer Company, the manufacturer, and that under the contracts between Chapman, Waterman and Chapman, the condition was reversed, the alleged firm of A. A. Waterman & Co. becoming the manufacturer and the Modern Pen Company, the sole selling agent, it is perfectly plain that Van Valer did not know as a fact for whom he was working. He knew he had a job and was making pens marked "A. A. Waterman & Co." Further than that he did not know anything of the organization of the various firms and companies and their respective functions. The Modern Pen Company has clearly failed to sustain the burden of proving that the alleged firm of A. A. Waterman & Co. (Chapman & Chapman) are the actual manufacturers of the pens it is selling.

There is absolutely no evidence in the record that the Modern Pen Company has any right independent of the alleged partnership of Chapman and Chapman to use the name of "Waterman."

The Alleged Partnership of Chapman-Waterman-Chapman.

The partnership contract between Chapman, Waterman and Chapman (Exhibit A-13, Record, p. 1668), the contract between Arthur A. Waterman

and the Modern Pen Company (Exhibit A-14, Record, p. 1673), and the deposition of Arthur A. Waterman, constitute the evidence in support of 1 and 2, and we will now proceed to analyze and discuss the said evidence and refute the justification set up in defendant's answer.

The essential features of the alleged contract of partnership of June 12, 1905, are:

1. Declaration that Arthur A. Waterman, Isaac E. Chapman and William L. Chapman enter into a partnership under the firm name of A. A. Waterman & Co. for the purpose of manufacturing, purchasing and selling fountain pens (fols. 5003, 5004).

2. Term of the partnership thirty-six years (fols. 5004-5).

3. Any capital contributed by any member of the firm shall be deemed a loan, shall bear interest and be repaid before any profits (fol. 5005).

4. The management shall be and remain in the hands of Messrs. Chapman who alone are authorized to enter into any contracts or obligations that shall bind the partnership.

5. A new corporation, the Modern Pen Company, shall be formed which shall be the sole sales agent of A. A. Waterman & Co. and for which company, Arthur A. Waterman shall be salesman for hire (fol. 5006).

6. A perpetual grant to the partnership by Waterman of the use of the name A. A. Waterman and A. A. Waterman & Co. and the transfer of all the good will *now existing* and attaching to the name of A. A. Waterman and A. A. Waterman & Co., this grant not to be modified or diminished by Waterman ceasing to have an interest in the firm or by his death or otherwise.

7. That Waterman shall retire from the firm in any event on July 1, 1906, and the firm shall then belong exclusively to Isaac E. Chapman and William L. Chapman (fol. 5009).

8. Arthur A. Waterman to have the option of doing business on his own account in the Western territory (fols. 5007–5010).

9. If Waterman does not engage in business independently in the Western territory, he shall have an agency from the defendant Modern Pen Company for that territory on commission (fol. 5015).

10. Waterman agrees that he will not authorize or permit any other person, firm or corporation to use the name Waterman or A. A. Waterman & Co. except as provided in this instrument.

This contract must be considered in connection with the testimony of Mr. Waterman, one of the alleged partners and the only one of the alleged partners who testified in this case. **Mr. Waterman** testifies as follows:

> "I received no pecuniary profit from A. A. Waterman & Co. I had nothing there at all (Record, p. 101, Q. 74). The new partnership of Chapman, Waterman and Chapman, did not assume any of the indebtedness of the old partnership. I cannot recollect that it assumed anything (Record, p. 101, Q. 77). I do not recollect that I had any functions under this new partnership of June 12, 1905. Possibly I was to be consulted as regards forms and styles of goods (Record, p. 101, Q. 78). I had no management whatsoever in the partnership (Record, p. 102, Q. 80). The co-partnership was only organized to continue the good will and name of the business and the firm was to have no function whatever. A. A. Waterman & Co. was just on paper and Col. Bacon said it was not necessary for it to do anything but just let the Modern Pen Company go ahead as though it were the only party (Record, p. 102, Q. 81).

> Ostensibly the Modern Pen Company were to be the selling agents of the manufactory of A. A. Waterman & Co. but actually A. A. Waterman & Co. was not to do anything (Record, p. 102, Q. 83). There were no accounts at all between the firm and the Modern Pen Company and no relationship in the matter (Record, p 102, Q. 84). The entire business was done by the Modern Pen Company (Record, p. 102, Q. 86). It almost goes without saying, *sine qua non*, I was to go in and drop out at a certain time and they were to continue the name. It was effectively provided that I was to have no management in this new copartnership (Q. 99). I was a salesman for the Modern Pen Company (Q. 101). I strove to get a position there that would give me more or less control of the business but it was impossible (Q. 108). The Chapmans said I was not financially important. My experience was not sufficient; they were the ones who furnished the money and managed the business (Q. 109). My name was the large asset; that was the reason for making the partnership. They would not have made that with me if I had some other name (Q. 110). It was insisted that I should drop out on July 1, 1906, or they would not have signed the papers. They insisted on that as one of the conditions (Q. 124). I worked for the Modern Pen Company as a salesman for a year until July 1, 1906 (Record, p. 108, Q. 138) when I dropped out of the firm and went West (Record, p. 107, Qs. 124, 5 and 6)."

The alleged partnership agreement between Waterman and the two Chapmans, as Mr. Waterman's testimony shows, never ripened into an actual partnership. According to Mr. Waterman's testimony, he never took any part or did any work in connection with the firm. Under the terms of the instrument, he was excluded from all participation in the management of the alleged firm's affairs and was at the outset ejected from the firm automatically at the end of one year. Mr. Waterman testifies that

the alleged firm never did any business; it bought nothing; it sold nothing; it made nothing; it did nothing. It was, as Mr. Waterman says, a paper partnership, which the writers venture to think is no partnership at all. Under the authorities, such a state of affairs creates no partnership.

2. *Davis* vs. *Key*, 123 U. S., 79.
4. *R. Heinisch's Sons Co.* vs. *Boker et al.*, 86 Fed., 765.
22. *Gray* vs. *Gibson*, 6 Mich., 300.
27. *Shea* vs. *Nilima*, 133 Fed., 209.

The alleged transfer of good will contained in the instrument (Exhibit A-13, Record, p. 1668) by Waterman could not have been effective in any sense, as a matter of law, because no going business was transferred and the good will could not be transferred in gross.

4. *R. Heinisch's Sons Co.* vs. *Boker et al.*, 86 Fed. Rep., 765.
5. *Abel Morrall, Ltd.*, vs. *Hessin & Co.*, 20 R. P. C., 429.
10. *Meyer Co.* vs. *Virginia Carolina Co.*, 35 App. D. C., 425.
12. *Thorneloe* vs. *Hill*, 11 R. P. C., 61, 1894 (Ch. Div.).

As a matter of fact, since whatever good will existed at the time in connection with the firm name "A. A. Waterman & Co." was in the receiver for the Waterman, Frazer and Geyer partnership, and the receiver did not convey the good will to the Chapman, Waterman and Chapman partnership, nor any other person, firm or corporation. So, that upon the coming together of Waterman and the two Chapmans there was no antecedent right to acquire.

The contract of June 12th, 1905, was a *de novo* partnership. It is perfectly clear that this partnership subsequent to June 12, 1905, could acquire no good will in the use of the name "Waterman" or

"A. A. Waterman," for the reason that at the very time of the inception of the alleged partnership, it was provided that the partner whose name was granted for the perpetual use of the firm, should retire absolutely and unconditionally at the expiration of one year. The effect of this preliminary requirement that Waterman should retire at the end of the year is to deprive the contract of even the slightest element of a legitimate transfer of a business name and renders the contract nothing more or less than a naked cession of the family name "Waterman" for the purpose of competing with the plaintiff company.

The record shows (Waterman's deposition, Record, p. 94, Q. 20; pp. 100–101, Q. 71), that the partnership of A. A. Waterman & Co., composed of Waterman, Frazer and Geyer, was a selling concern and merely sold goods made by the corporation of Frazer & Geyer (Geyer's Deposition, Record, p. 1248, Qs. 10–12; Pltff.'s Ex. 137, fol. 2833). On the other hand, the alleged partnership of A. A Waterman & Co., composed of Chapman, Waterman and Chapman, was supposed to be a manufacturing concern, and the concern which came in contact with the public in the sale of goods was the defendant Modern Pen Company. So, it is difficult to see, even assuming that the trade name of "A. A. Waterman & Co." (Waterman, Frazer and Geyer) had not been in the hands of a receiver, how the good will of a selling concern was to benefit A. A. Waterman & Co. (Chapman, Waterman and Chapman) as a manufacturing concern not coming in selling contact with the public.

It is peculiarly significant that the two Chapmans, men of financial standing who showed alacrity in acquiring to themselves all control of the Frazer & Geyer Company and the principal offices in that corporation, and later the presidency and treasurership of the Modern Pen Company, when they came to deal with Arthur A. Waterman, a thrice failure in the fountain pen business whom they

would not trust with a voice in the management, should modestly retire from public view and insist on remaining the "& Co." to the Waterman patronymic. One may well inquire why the name of the alleged firm was chosen to be "A. A. Waterman & Co." instead of "Chapman, Waterman & Chapman," particularly when the two Chapmans were the only persons connected with the firm who could lend a tinge of financial responsibility thereto.

The possibility that Mr. A. A. Waterman's ability as a salesman and acquaintance with the trade might be useful, is not the good will of a business; that was Mr. Waterman's personal qualification for a position as salesman; that the alleged partnership of A. A. Waterman & Co. would not gain by Mr. Waterman's personal ability is evident when it is considered that the firm of A. A. Waterman & Co. was supposed to be a manufacturing concern, having but one customer, the defendant Modern Pen Company; and when it is further considered that by the very terms of the alleged partnership agreement Mr. Waterman was permitted to go to the Modern Pen Company, the selling concern, as a salaried salesman. Had the firm of A. A. Waterman & Co. been a really existing concern and actually doing business, A. A. Waterman would have drawn his remuneration from the same and not merely as a salesman for the Modern Pen Company.

The Italian courts in the case of *L. E. Waterman Co.* v. *Cabrini Guido*, with A. A. Waterman & Co., consisting of Isaac E. Chapman and William L. Chapman, intervening as defendants, have passed specifically upon the validity of this contract in the Royal, Civil and Penal Tribunal of Milan, Italy, in its judgment filed July 19, 1911, which said judgment has been affirmed by the King's Court at Milan and again by the Supreme Court of Italy at Turin on the 9th day of April, 1914. The Court held that the alleged partnership agreement of June 12, 1905 was without any judicial effect and nothing

else but the assignment of a name. The opinion, decision and judgment are very long. We quote material parts, from the translation (Plaintiff's Exhibit 144), as follows (p. 1853):

> "Now this is precisely the subject (left undecided by the New York Court) of the investigation submitted for the consideration of this Court, namely, to see whether it may be held, under the terms of the contract of June 12th, 1905, that Arthur Waterman has '*actually, seriously and effectively*' become a partner in the said business, so as to give him the right to assume his own name in the firm name.
>
> "It, therefore, now behooves this Court to answer this question on the ground of the examination of the exhibited partnership agreement of June 12th, 1905, and therefore, for such purpose, to ascertain, as stated in the previous decision, whether the Messrs. Chapman are '*lawfully, seriously and effectively*' invested by that agreement with the right to use the firm name 'A. A. Waterman' to designate their firm, or whether the lending of that name falls within the meaning of an *artful and fraudulent agreement.*
>
> "Now it appears to the Court that it is unnecessary to have recourse to the statements made on September 14th, 1910, by the said Arthur Waterman in his interrogatory '*de bene esse*' before the Circuit Court of the United States (Southern District of New York) but that the examination of the abovementioned agreement is sufficient to lead in itself necessarily to the conclusion that by such transparent agreement the Messrs. Chapman did not covenant anything else with Arthur Waterman but *the assignment of a name.* That is the only covenant which stands out very distinctly, among the rigorous precautionary clauses of said agreement and constitutes evidently for the contracting parties the *only purpose* of the agreement. As a matter of fact, the imprudent and significant provisions relative to the allotment of the Company's capital (in the form of a loan at the rate of 6% with preferred right to the profits) the absolute exclusion of Waterman—

a partner with unlimited liability—from any share in the Company's management and the peculiar position given him, viz.: that of a *customer* of the firm for the supplying of pens to be sold in the *far west*, imparts such an extraordinary meaning to this partnership agreement as to convey strong doubts as to the earnestness and sincerity of the parties who wished to carry it into effect. But the aforementioned conclusion is irresistibly deduced from the *ninth* clause of the agreement which in the text of the agreement follows the seriously binding one relating to the *irrevocable and perpetual* transfer to the firm of the use of the name of '*A. A. Waterman.*' Under the terms of the clause in question, Arthur Waterman is authorized to undertake the handling of fountain pens from July 1st, 1906, on, for his own account in the Western territory of North America, with the provision, however, that '*in such case he shall cease to retain any interest in the partnership constituted by that agreement*' which is to belong exclusively to the Chapmans and their heirs; but it is added that if Waterman does not avail himself of this right within the aforesaid term '*he shall likewise cease to form part of the partnership in the same way and in every respect similarly as if he had availed himself of this right.*'

"In substance, at the same time at which Waterman entered into partnership with the Chapmans, his *exclusion* from the said partnership in any event, *and within the peremptory period of one year*, was determined on by the agreement itself, so that in this way, one of the essential elements of the agreement came to be rendered void *a priori*, that is the element of *effectio societatis* based on the equality of the contractual standing of the partners with regard to the common end, and thus deprived the agreement of the motive, legally sufficient to constitute its *cause of being.*

"The advantages promised to Waterman by this agreement, the compensation granted him (really unexplainable in a country enjoying such great commercial freedom as North America) to work the West, constitutes for

Waterman the consideration for the rendering of a service which is necessarily *foreign* to the partnership agreement because the members of the partnership agreed, as far as he was concerned, upon its *dissolution* at the very instant when it was constituted. And inasmuch as the only service which Waterman assumes to render in the said agreement is that of ceding the use of his own paternal name, there is no doubt that this cession constitutes the *sole and real substance of the agreement* which the Chapmans were led to stipulate, because they knew that the use of that name might place them in a position of advantage in competing with the genuine L. E. Waterman firm, and that they hid this transfer of name under the mendacious appearance of a *partnership* agreement, knowing it to be unlawful. The historical precedents of such agreement to which reference had been had, afford nothing contrary to this conclusion.

"It is asserted that the Chapmans came to make the agreement of June 12th, 1905, for the purpose of reorganizing their business subsequent to the withdrawal of the partner Frazer. This pretended purpose of the parties, however, cannot change the legal significance of the agreement, since the same results from its tenor as above pointed out. The said tenor, in the significant simplicity of the form adopted, does not afford grounds for holding that the subject matter of the agreement referred to an organization that already possessed legal existence, under the name of 'A. A. Waterman,' because there is not a single provision in the said agreement which regulates the fate of that property made up of industrial improvements, invention and progressive measures, such as would necessarily have accumulated under a name already commercially established. Whatever the status of the previous intercourse between the parties may have been, it is an '*ex novo*' business, arising originally from this agreement, a business upon which Waterman, according to the agreement, does not confer any of these elements of his own technical or commercial personality which alone would

have rendered legitimate the transfer to the firm of a name indissolubly connected with such personality. He intervenes merely for the sake of contributing his name to the same, not because it has or contains any concrete commercial value in itself, but merely on account of the casual similarity in names; and after this transfer he must immediately *quit* the firm, and go far away for vague and solitary ventures in the far West.

"If, therefore, the agreement of June 12th, 1905, contains an obligation based on a *false* and *illicit* motive, it is necessary to conclude that it cannot have any judicial effect, and that it cannot, therefore, confer on the defendants the right of using that name whether severally or jointly with other imaginary names, to differentiate the fountain pens of their own handling in competition with their similarly named rivals. The L. E. Waterman Co. is therefore rightfully entitled to proceed against the defendant for this illicit use of its own name, the suppression of which is independent of examinations into the technical industrial superiority of the respective fountain pens, because the name 'Waterman' in common parlance has not yet become identified with the product constituting the specialty of the firm which first placed it on the market, but represents the reputation and specialty which it has been able to acquire in this business, and it therefore forms part of its commercial rights and as such deserves protection against the unlawful use of it made by others.

"AND WHEREAS the motions principally made by the plaintiff must be admitted, representing as they do the natural remedy against the injury sustained.

"AND WHEREAS also the two interrogatories for the direct testimony of witnesses must be admitted to clear up this confusion between the products of the contending parties, which constitutes an element of indemnifiable damage, as being a result of the unfair competition brought about by this unlawful use of name:

"WHEREAS, consequently the motions made by the defendant Cabrini in the cross-

plea be rejected as a whole on the strength of the well known principal: *Qui jure suo utitur neminem laedit.* * * *

"NOW, THEREFORE,

"All motions to the contrary are rejected.

"The Court declares as unlawful the use made by Guido Cabrini, both in his own name and as representative of Isaac and William Chapman, of the names 'Waterman,' 'Waterman's,' 'A. A. Waterman,' 'Waterman Modern,' 'Waterman's Modern Fountain Pen,' for the purpose of introducing and of selling fountain pens in Italy and for *advertising purposes.*

"The use of said names constitutes an unlawful use of the firm name of the plaintiff company and an act of unfair competition.

"And the Court orders the confiscation of all articles, products and *advertising matter* bearing any such names and marked. The L. E. Waterman Company, of New York, on the other hand, is allowed to prove by witnesses the circumstances detailed in the two interrogatories embodied in its conclusions and hereinbefore literally transcribed, the recording judge being appointed to take the evidence."

This case has been bitterly contested by the two Chapmans since its beginning in July, 1910, and the highest Court in Italy has just decided that the said contract of June 12, 1905, conferred no rights on the two Chapmans to use the name "Waterman."

The opinion in the lower Italian Court is found at page 1854 of the record.

The plaintiff begs leave to submit to the Court exemplified copies of the judgments in the King's Court, Milan, and the Supreme Court at Turin.

We respectfully call the attention of the Court to the forceful and logical reasoning of the Italian Courts in regard to the effect of this contract of June 12, 1905.

Similar reasoning which leads to the conclusion announced by the Italian tribunal concerning the Chapman-Waterman-Chapman contract of June 12,

1905, was applied in the case of (4) *R. Heinisch's Sons Co.* v. *Bolser et al.*, *86 Fed.*, *765*, which is urged upon this Court's attention by reason of its peculiar applicability to the facts here under review. We quote therefrom the following:

> Defendants, former agent for the firm of R. Heinisch's Sons, complainant's predecessors, which firm enjoyed a high reputation as makers of shears, entered into a contract with H. C. Heinisch, a former member of the firm by which the defendants acquired, among other things, the right to use his name upon all their goods. Henry Heinisch, on withdrawing from the firm, had conveyed to it all his interest in its assets and business; and defendants, in a contract had admitted that the firm was 'sole owner of the Heinisch trade-mark.' Defendants after making the contract with Henry Heinisch at once began to make and sell shears stamped with Henry Heinisch's name and packed in a manner similar to complainant's goods, so as to lead the ordinary purchaser to believe them the same. The defendants also continued to style themselves, upon signs, in circulars, etc., 'agents for R. Heinisch's Sons'. It appeared that nothing had ever been done under any clause of the contract, except that conveying the right to use the name; and the real object appeared to have been solely to acquire, under cover of the other clauses, a claim to that name.
>
> Held, per Townsend, *D. J.*
>
> "The defendants contend that, in any event, they have a right to use the name 'Heinisch' or 'H. C. Heinisch' upon their goods. In 1892 H. C. Heinisch sold his name to them, as a trade-mark. Except for his connection with his patented shears, it does not appear that this transaction represented anything except the purchase of the right to make profit out of the Heinisch trade name. It is true that the ingeniously worded contract purported to provide that H. C. Heinisch should impart 'any special information he may have or acquire as to the best methods of cutlery manufacture.' But said contract further

gave to defendants the right to manufacture any kind of 'cutlery which they desire to make and place on sale with the name 'H. C. Heinisch,' and provided that said name should be 'the property of and belong to the parties of the first part forever.' * * * When H. C. Heinisch made this contract in 1892, allowing the perpetual use of his name, all that he did was to look at some samples of the goods which the defendants were to have manufactured for them, and to express his satisfaction with them, as he considered them equal, if not superior, to the original Heinisch goods. * * * Judging from the conduct of defendants, the actual object of said contract was to appropriate the reputation of the Heinisch shears by the purchase of the name of 'H. C. Heinisch.' * * * This is not the case of a sale of a good-will in connection with a plant or a growing business. * * * Nor is this a case where the party allowing the use of his name on certain goods has associated himself in business with the manufacturers thereof. It does not appear that H. C. Heinisch ever invested any money in said business, or undertook any supervision over, or exercised any skill in, the manufacture of said goods. It thus appears that, while neither of the ostensible objects of said contract has been carried out, the Heinisch name, attempted to be sold thereunder, has been so used as to deceive the public."

See also **5.** *Abel Morall Ltd.* v. *Hessin & Co.*, 20 R. P. C., 429.

The Modern Pen Company, Defendant herein, is not the Selling Agent of a Partnership of A. A. Waterman & Co.

It is true that an agreement was entered into by and between the defendant, Modern Pen Company, and Arthur A. Waterman on the 5th day of July, 1905 (Exhibit A-14, Record, p. 1673), shortly after the organization and formation of the Modern Pen

Company. This agreement refers to the copartnership articles of June 12, 1905, and purports to have engaged the defendant, Modern Pen Company, as the sole and exclusive sales agent for all of the goods to be manufactured by the said partnership. It does not provide for the sale of goods to be made and manufactured by the said partnership to its sales agent. It does not provide for the payment of any moneys received by its so-called sales agent, Modern Pen Company, to the partnership; in fact, the agreement does nothing except recite full knowledge of all the terms of said partnership agreement, and employs Arthur A. Waterman to sell upon commission in the Western territory, and allots the territory to him in its several provisions and the commission to which he is entitled upon the sale of goods by him from the Modern Pen Company.

Unless it is shown by evidence, and we find none, that there exists a partnership of A. A. Waterman & Co., there can be no selling agent thereof. No books of account are produced alleging to be or belonging to A. A. Waterman & Co. (so-called partnership); nothing is shown wherein it could be even assumed that the partnership did business to any extent whatsoever.

Assuming, *arguendo*, that the defendant, Modern Pen Company, manufactures fountain pens and stamps the same with the imprint "Waterman" and "A. A. Waterman & Co.," no right in them to do so is shown in the record.

The brief of the defendant in this Court concedes that there is no separate partnership of A. A. Waterman & Co., as a *manufacturing principal*, and the Modern Pen Company as the selling *agent*, as the following references show:

Defendant's Brief in this Court, page 1, paragraph 1; page 11, paragraphs 1 and 3; page 15, paragraph marked "3"; page 21, paragraph 1; page 34, paragraph 3; page 36, subdivision 3 of

paragraph marked "4"; page 75, paragraph 2; page 76, paragraph 1, second sentence; page 78, paragraph 2; page 79, last paragraph; page 119, second paragraph from foot of page; page 120, last paragraph; page 138, last paragraph.

Thus, on page 36, "* * * the plaintiff has ample protection in the defendant using, as it has *always* done, its firm name of 'A. A. Waterman & Co.'"

On page 78 we quote: "The defendant has a union shop, pays the highest wages known to the trade, and has the most experienced workmen * * *. Its machinery is of the latest design and some of it is exclusive."

On page 119 it is said: "The defendant is entitled to use its own name, unsuffixed, and the suffix should be reversed."

On page 138 appears this naive statement: "We use the word 'defendant' in a general sense to mean not only the Modern Pen Company but A. A. Waterman & Co. and their privies."

We are indebted for a complete disclosure of the fallacy of this jaunty method of assuming the question which is to be decided, to a quotation made by defendant's counsel at page 84 of the same brief, as follows: "* * * the persons forming a new corporation designated like another corporation already formed in the same business are chargeable with assuming a name which does not belong to them."

And on page 90, by way of argument, it is said: "The Court must not overlook the distinction often made between corporations and individuals or firms. * * * The reason apparently is that a corporation can be given any name that may be selected by the incorporators, while an individual or the members of a firm are obliged to use the name given them by their parents."

We could not have more clearly indicated the necessity under which the Modern Pen Company

rests to do business under the name chosen for it by its incorporators.

Thus, we submit by expressly conceding that there is no existing or operative co-partnership making, marking or selling fountain pens under the name A. A. Waterman & Co., and that the pens are not made by a co-partnership of A. A. Waterman & Co. as alleged in their special defense, and that the pens the Modern Pen Company is selling are made by the defendant corporation; the defendant's attorney lends the full weight of his persuasive powers to the plaintiff's contention, to wit: that there is no existing and operative co-partnership of A. A. Waterman & Co. making the pens sold by the defendant, Modern Pen Company, and that the relation of principal and agent as between the defendant, Modern Pen Company, and the alleged co-partnership of A. A. Waterman & Co. is not shown to exist. These quotations from the defendant's brief clearly controvert each and every one of the issues raised in its special defense by way of justification.

The defendant has failed to sustain the burden of its affirmative justification of the use of the name of "Waterman." The burden of proving existence of the partnership and the use of the partnership name rests upon the party alleging it.

In **1.** *Jacobs* v. *Beecham*, 221 U. S., 263:

This proposition of law was settled. A bill was filed by the owner of a patent medicine known as "Beecham Pills" to restrain the defendant from using the name of the pill made by him and trying to appropriate the plaintiff's good will.

The plaintiff obtained a decree in the Circuit Court enjoining the defendant from using the word "Beecham" in connection with pills prepared or sold by him.

The defendant set up that the name "Beecham" was a family name and could not constitute a valid

trade-mark, and the defendant's use of the name was saved from being unfair by a statement that the defendant made the pills.

Mr. Justice Holmes, in rendering the opinion for the Court, held:

> "When the defendant has to justify using the plaintiff's trade-name, the burden is on him."

Not merely has the defendant failed to sustain the burden of proof, but it has failed to meet the proof offered by the plaintiff to disprove in advance defendant's alleged justification, (Deposition A. A. Waterman); which proof would have been easy to produce had it existed.

7. *Kirby* vs. *Tallmadge*, 160 U. S., 379.

8. *Pac. S. S. Co.* vs. *Bancroft*, 94 Fed., 180.

Defendant's Attempted Justification in the Use of the Name "Waterman" by the Decree in L. E. Waterman Company *vs.* Arthur A. Waterman and Edward L. Gibson, Filed September 3rd, 1898 (Record, pp. 1603-11).

Judge Kellogg's decree was strongly in favor of the rights of this plaintiff and the exclusive right to the use of the words "Waterman," "Waterman Co.," "Waterman Pen," "Waterman Fountain Pens" and "Waterman's Ideal Fountain Pens, N. Y.," as indicating and distinguishing the plaintiff company and its fountain pens.

The injunction order is strong in its terms, and enjoins the defendants Waterman and Gibson from use in connection with the business of making or selling fountain pens the words "Waterman," "Waterman's," or "Watermans."

The decree contains the following:

> "But the defendants are not prohibited from indicating their fountain pens made by them are made or prepared or sold for or by Arthur A. Waterman & Company or A. A. Waterman & Company."

The defendant claims that this paragraph of the decree gives the alleged partnersnip of A. A. Waterman & Co. (Chapman, Waterman and Chapman) an absolute right to the use of the name "A. A. Waterman & Co."

The plaintiff contends and the proof shows without contradiction that the firm of A. A. Waterman & Co. (Chapman, Waterman and Chapman) is not the successor or assignee of the firm of A. A. Waterman & Co., composed of said Waterman and Gibson. It is shown, first, that Waterman and Gibson dissolved (Steven's Deposition, Record, p. 794; Qs. 27-31; Waterman's Deposition, Record, p. 93; Q. 12; Plaintiff's Ex. 100, p. 578; Ex. 102, p. 590; Steven's Deposition, Record, p. 795; Qs. 28, 39, p. 796; Qs. 44-45, 49, 56, p. 801; x-Q. 124, p. 803; x-Qs. 159-165); second, Rhodes Lockwood took over all the assets of A. A. Waterman & Co. (Waterman and Gibson), including the good will (Steven's Deposition, Record, p. 795; Qs. 38, 45, 49, 56, 60-61); third, Waterman did business so, marking pens "A. A. Waterman, Maker, Boston"; fourth, Waterman doing business as A. A. Waterman & Co. with Dewey as partner, failed and the assets were sold to one Lancaster (Chaplin's Deposition, Record, p. 550; Rd Qs. 260-261); fifth, the firm of A. A. Waterman & Co. (Frazer, Geyer and Waterman), went into the hands of a receiver who took charge of all of its assets, the receivership continuing from 1905 until some time in 1908 (Plaintiff's Exs. 130, 138, Record, pp. 933, 951); sixth, A. A. Waterman & Co., composed of Chapman, Waterman and Chapman, announced itself to the trade as a new partnership without any connection with any previous business,

and the partnership agreement itself shows that it took over no previous existing concern; seventh, in any event, Chapman and Chapman, under the pretended paper partnership of June 12th, 1905, acquired no rights to continue under the firm name of A. A. Waterman & Co. after A. A. Waterman ceased to have any connection with them.

On this record the plaintiff contends that Chapman and Chapman have no rights whatsoever under or through the Kellogg decree or the firm of Waterman and Gibson.

At the most, the permission to indicate that fountain pens made by the said Waterman and Gibson "were made or prepared or sold for or by Arthur A. Waterman & Company, or A. A. Waterman & Company," was a purely personal right or license conceded solely because the name of one of the partners was Waterman, and was a purely personal right or licence to use one's own name in one's own business.

We desire to impress clearly upon the Court that this is not a case where a right of a man to use his own name in his own business is involved.

The defendant has urged that the use of the name "Waterman" is an inherent right conferred upon Arthur A. Waterman by his parents and inviolate under the law and guaranteed to Arthur A. Waterman by the Kellogg decree.

The many decisions cited by the defendant on this proposition have no application whatever in this case.

This case rests upon the proposition of whether or not a man has the right to cede by contract the use of his name to strangers to that name for the purpose of competition with an already established business.

4. *R. Heinisch's Sons Co.* vs. *Boker*, 86 Fed., 765.

5. Also *Abel Morrall, Ltd.* vs. *Hessin & Co.*, 20 R. P. C., 429.

Such a personal right or license as indicated in the Kellogg decree by its very nature was not such as could be assigned or transferred to others to be used to the detriment and damage of this plaintiff. Inasmuch as such a right was conceded solely as a right to use one's own name in one's own business such a business ceased to be the business of the person bearing such name, such right or license also ceased.

14. *International Silver Company* vs. *Rogers*, 118 Fed. (C. C. A.), 133.

15. *National Distilling Co.* vs. *Century Co.*, 183 Fed. (C. C. A.), 206.

16. *Royal Baking Powder Company* vs. *Royal*, 122 Fed. (C. C. A.), 343.

17. *Garrett* vs. *Garrett*, 78 Fed. (C. C. A.), 472.

Furthermore, plaintiff contends that at most a permission to indicate was intended, and could be construed to mean only that the name could be used by Arthur A. Waterman when properly distinguished from that of the complainant.

> "The mere attaching of that name to a similar product without more would have the effect of a falsehood," it must be "accompanied by information that the defendant is not the original,"

are the words in *Herring, Hall Marvin Co.* vs. *Hall Safe Co.*, 208 U. S., 554–560.

The manner of indicating was not specified in the Kellogg decree, and in this connection we respectfully refer the Court to

18. *Ludlow Valve Manufacturing Company* vs. *Pittsburgh Company*, 166 Fed. (C. C. A.), 26.

19. *Charles E. Hires Co.* vs. *Consumers' Co.*, 100 Fed. (C. C. A.), 809.

20. *Walter Baker* vs. *Sanders*, 80 Fed. (C. C. A.), 889.

Laches and Acquiescence.

About two years prior to the beginning of this suit, plaintiff notified defendant of its rights in the premises, and warned the defendant against further acts of infringement and unfair trade (Record, p. 38, Ferris Deposition, Qs. 49-50, p. 1321; Geyer's Deposition, Qs. 586-587). At about that time a circular, Exhibit 9 (Record, p. 38), was distributed by the defendant among the trade (admitted p. 1321) wherein the defendant Modern Pen Co. announced that it intended to discontinue the use of the name "A. A. Waterman & Co." (see Exhibit 9). Plaintiff, relying upon the assurance of the said Chapman and upon the said circular, did not begin action at that time.

Up to the time this notice was given the defendant Modern Pen Company and "A. A. Waterman & Co.", if it existed at all, amounted to little, either financially or commercially.

Prior to June of 1905 Mr. A. A. Waterman was reputed to be a member of a copartnership, said to have been in actual operation, and was perhaps in a position to conduct business in his own name.

The claim made by the defendant that plaintiff entered into negotiations for the purchase of the Modern Pen Company and the concern "A. A. Waterman & Co.", including the trade name, and agreed to pay $25,000 for all assets except bills receivable, the plaintiff denies positively and absolutely (see Ferris Deposition, pp. 47-48, Qs. 158-165; p. 50, Q. 181: Raymond's Deposition, pp. 739-740, Qs. 1-5; p. 742, Qs. 26-36; p. 744, Qs. 50-55: Watson's Deposition, pp. 745-746, Qs. 5-6; p. 747, Qs. 8-10-13; p. 748, Qs. 15-17; p. 49, Q. 18: Ferris Deposition, p. 758, Qs. 79-94.

It will be noted that the defendant claims these negotiations were had with William L. Chapman or Isaac E. Chapman, both officers of the defendant, Modern Pen Company, but neither one of the said

Chapmans took the stand and testified regarding the alleged negotiations.

Assuming such negotiations to have been conducted as alleged by the defendant, it is submitted that no issue between the parties would have been thereby affected.

It has been repeatedly held that an injunction will not be refused on the ground of delay.

24. *McLean* vs. *Fleming*, 96 U. S., 245;
25. *N. K. Fairbank Co.* vs. *Luckel*, 116 Fed. (C. C. A.), 332;
26. *Bissell Chilled Plow Works* vs. *Bissell Plow Company*, 121 Fed., 357;

In *Feder* vs. *Benkert*, 34 Fed., 534; affirmed 70 Fed. (C. C. A.), page 613, the complainant's trade name and trade-mark was "C. Benkert & Son" and the infringer used "C. F. Benkert & Son, Phila.," and it would appear that the infringement had been going on for five years (p. 615). An injunction, accounting and damages were decreed.

Judge Blatchford, speaking for the Court in *Collins Company* vs. *Oliver Ames & Son*, 18 Fed. Rep., 561, said: "Although Ames began in 1856 the use of the name 'Collins' on shovels because of the reputation of rival shovels made under the name 'Collins,' he will even in 1882 be enjoined from continuing such use, because in the first instance he took the name for the purpose of profiting by Collins' reputation, and without right."

Furthermore, there is no laches or acquiescence where the complainant is only waiting for a sufficient quantity of evidence to secure a successful prosecution of the infringer.

Summary and Conclusion.

The averments of the bill as to the foundation of plaintiff's business, the adoption and use of trade-marks and trade name, extensive advertising and

sales, and confusion and deceit as a result of the acts of the defendant Modern Pen Company, have been fully supported, the burden being upon plaintiff.

The burden of proof is upon the defendant company to prove the affirmative defense set up by the answer, namely, that the defendant, Modern Pen Company, is selling pens made by a partnership rightfully doing business under the name "A. A. Waterman & Co." and rightly making and marking the same with this firm name.

1. *Jacobs* v. *Beecham*, 221 U. S., 263.

To sustain this defense obviously involves proof of the following:

(1) That there is a firm of A. A. Waterman & Co.

(2) That this firm makes fountain pens and rightfully stamps thereon "A. A. Waterman & Co."

(3) That the defendant, Modern Pen Company, is selling pens so made.

In anticipation of this defense, the plaintiff, in its *prima facie* case, traced the history of Arthur A. Waterman, first as a salesman of the plaintiff company, and then, having left that employ, formed a partnership with one Gibson, under the name "A. A. Waterman Pen Co.," changed after suit to "A. A. Waterman & Co." (Note, the firm name *adopted* did not include Gibson's name.) This Gibson and Waterman partnership was a failure and dissolved. Second, a partnership with one Dewey, under the name "A. A. Waterman & Co." (Note, the firm name *adopted* did not include Dewey's name.) This Dewey and Waterman partnership was a failure, and its effects, including good-will, were assigned to a creditor. Third, a partnership with one Frazer and one Geyer, under the name "A. A. Waterman & Co." (Note, the firm name *adopted* did not in-

clude the names of Frazer or Geyer.) This Frazer, Geyer and Waterman firm lasted about three and one-half (3-1/2) years, and was ended by a receivership, and the goods of the firm were sold in liquidation.

The defendant, in support of its affirmative defense, puts in evidence a deed of partnership, dated June 12, 1905, between A. A. Waterman, Isaac E. Chapman and William L. Chapman (Defendant's Exhibit A13, Record, p. 1668), which provides for:

I. A partnership under firm name "A. A. Waterman & Co."

II. To make and sell fountain pens.

III. Profits and losses equally shared.

IV. Term of partnership thirty-six years.

V. No capital provided for.

VI. Waterman has no power to bind the firm.

VII. The Modern Pen Co. to be organized to sell product of firm and A. A. Waterman may have contractual relations.

VIII. A. A. Waterman grants firm exclusive and perpetual right to his name and any good will attaching.

IX. Waterman, if he desires, may have Western United States as exclusive territory. If he accepts within year, he ceases to be member of firm, if he does *not* accept he ceases to be a member of firm.

This is defendant's evidence in support of its affirmative defense: a paper, unsupported by any evidence that the paper was followed by any acts constituting partnership action.

22. *Gray* vs. *Gibson*, 6 Mich., 300.

2. *Davis* v. *Key*, 123 U. S., 79.

In the present case it will be observed that this "proof" goes only to the creation of a firm; it

does not touch the question whether the said firm, *if* it existed, *made* and rightfully *stamped* pens, or whether the pens sold by the defendant company are pens so rightfully made and stamped and are not pens made and stamped by persons having not even a color of right.

Obviously the marking of goods with the maker's name, is a natural and proper thing, and the personal name will be protected against any who cannot truthfully use it.

3. *Brown Chemical Co.* v. *Stearns Co.*, 37 Fed., 360, or, where the later comer has merely a colorable right.

4. *R. Heinisch's Sons Co.* v. *Boker*, 86 Fed., 765.

5. *Abel Morrall, Ltd.*, v. *Hessin & Co.*, 20 R. P. C., 429.

But, where the second comer truthfully uses the name, and honestly, it is *damnum abseque injuria.*

6. *Brown Chemical Co.* v. *Meyer*, 139 U. S., 540.

The defendant here is a West Virginia *corporation*, organized in 1905, under the name "Modern Pen Co." It follows the plaintiff in the fountain pen business more than twenty years.

Confusion between the rival pens is admitted in the answer and established also by plenary proof.

Obviously the "Modern Pen Co." could not truthfully use the name "Waterman" on pens of its manufacture. It would be an untruthful and unauthorized use.

3. *Brown Chem. Co.* v. *Stearns & Co.*, 37 Fed., 360.

Hence the attempt to justify the defendant's sales, as sales of pens *made* and stamped by a second comer in the field, named Waterman, in the honest exercise of his natural right.

6. *Brown Chem. Co.* v. *Meyer*, 139 U. S., 540.

As to the first link in the defendant's chain of proof *i. e.*, the existence of a firm of which A. A. Waterman was a member, plaintiff contends that on the record, there is no proof of this fact because the deed of partnership, as and of itself, is not sufficient to sustain the issue.

2. *Davis* v. *Key*, 123 U. S., 79
22. *Gray* v. *Gibson*, 6 Mich., 300

and because whatever possible evidential effect the mere paper instrument might have is entirely met by the uncontroverted evidence of Mr. Waterman.

Mr. Waterman testifies:

> "That the firm was to do nothing (Rec., 102, Q. 83), that it had no function. It was a 'paper firm', organized to continue the good-will and name (Rec., p. 102, Q. 81), that while ostensibly the defendant, Modern Pen Co., was selling agent for a manufacturing firm of A. A. Waterman & Co. (Rec., p. 102, Q. 83) the entire business was done by the Modern Pen Co. (Rec., p. 102, Q. 85), the firm did not bill goods to the Modern Pen Co. (Rec., p. 102, Q. 86), the firm had no accounts or relationship with the Modern Pen Co. (Rec., p. 102, Q. 84) as a 'member' of the 'firm', Mr. Waterman had no management (Rec., p. 102, Q. 80), he had no function, (Rec., p. 101, Q. 78) under the 'firm' he was a *salesman for Modern Pen Co.* (Rec., p. 104, Q. 101) and worked as such for a year until July 1, '06 (Rec., p. 108, Q. 138) when he was dropped out of the 'firm' and went West (Rec., p. 107, Qs. 124, 125, 126)."

This statement of Mr. Waterman was made in plaintiff's *prima facie* case, in anticipation of the defence which the defendant company has set up. The deposition does not deal with generalities. It deals with *assertions of fact*, easily met if false.

Among other things there were *no accounts*, that the firm never *did* anything and *billed nothing* and that the defendant, the Modern Pen Co., *did the whole thing*. Surely, if these statements were false,

bills for manufacturing materials and for supplies bought and for goods sold, pay-roll vouchers, rent, etc., and books of account and letter books, might easily have been produced to confute Mr. Waterman. The Chapmans, Mr. Waterman's alleged partners, who are and always have been officers of the defendant company, might have taken the stand to explain their doings as "partners." *Nothing*, not even a bookkeeper with some account books and bills, is produced. Under these circumstances the rule is applicable that where proof would be easy, if it existed, rebutting the inferences which the proofs tend to establish, and it is not made, the presumption is that rebutting proof cannot be made.

7. *Kirby* v. *Tallmadge*, 160 U. S., 379.
8. *Pac. S. S. Co.* v. *Bancroft*, 94 Fed., 180.
9. *Penn. R. R. Co.* v. *Anoka Bank*, 108 Fed., C. C. A., 482.

Mr. Waterman's uncontradicted evidence brings the case within the principle of

22. *Gray* v. *Gibson*, 6 Mich., 300.
2. *Davis* v. *Key*, 123 U. S., 79.

i. e., that a partnership deed, not followed by any act in pursuance of the deed, is a nullity, as between the parties.

Furthermore, the evidence shows that the parties to the deed never *intended* the status of partnership to be created.

Intent is the basic fact in the contract of partnership, as of other contracts.

23. *Drennen* v. *London Corp.*, 113 U. S., 51.

The contract and the acts done in connection must be considered to discover the intent.

23. *Drennen* v. *London Corp.*, 113 U. S., 51.

27. *Shea* v. *Nilima*, 133 Fed. Rep., 209.

28. *Salter* v. *Ham et al.*, 31 N. Y., 321.

In the case at bar the instrument (Record, p. 1668) purporting to create the partnership between A. A. Waterman and the Chapmans by its provisions negatives any *intent* to create the relation of mutual trust and confidence that the status of partnership implies. The exclusion of A. A. Waterman from any right to do anything binding upon the parties to the instrument (Par. VI) the proviso that A. A. Waterman's services shall *not* be devoted to the service of the alleged partnership, but shall be devoted, for hire and for the benefit of A. A. Waterman alone, to a corporation to be immediately organized (Par. VII) that while the term of the partnership shall be *36 years*. (Par. IV) A. A. Waterman is automatically ejected at the end of a year (Par. IX, fols. 5008–5009) that provision is made which makes it practically certain that there can be no profits to divide during the year A. A. Waterman is to be nominally a "partner" (Par. V) and the absence of any provision for any capital upon which profits may be earned, all these facts are pregnant as to the real intent of the parties—certainly of the intent of the Chapmans. The fact that the parties supposed that the signing of the instrument, as matter of law, created the status, *if it be a fact*, is immaterial. There can be no partnership unless the facts exist upon which the law bases the relationship. Where the defendants, as here, rely upon an alleged partnership between Chapman, Waterman and Chapman, they must prove an *actual partnership* between these parties, it is not enough to show a fact which would estop the parties to deny partnership as against a stranger misled.

22. *Gray* v. *Gibson*, 6 Mich., 300.

This is obviously a case in which the elemental "intent" to create the *status* of partnership is ab-

sent, and the "contract" is seen to be merely a shell or blind—to give color to a claim of right to use the name Waterman.

4. *R. Heinisch's Sons Co.* v. *Boker*, 86 Fed., 765.

5. *Abel Morrall, Ltd.*, v. *Hessin & Co.*, 20 R. P. C., 429.

The defendants will contend that Waterman, in some mysterious way, brought with him and gave to the Chapman, Chapman and Waterman aggregation a Good-Will derived from all the prior firms of A. A. Waterman & Co. Whether these successive firms and failures created a goodwill or a bad will need not be discussed. It is sufficient to point out that it nowhere appears that the Chapman and Waterman aggregation took over *a going business*. On the contrary, it does appear that the next preceding partnership (Frazer, Geyer and Waterman) was *wound up* and *liquidated* by Waterman and Geyer (Record, p. 938, Exhibit 133).

As a matter of law, therefore, the goodwill up to that time, if any existed, died.

10. *Mayer Co.* v. *Virginia-Carolina Chem. Co.*, 35 App. D. C., 425.

All that Waterman could possibly bring to the new firm was his personal acquaintance. Personal qualities are not business good will. Curiously enough, the only quality Mr. Waterman is alleged to have is the salesman's gift, and the new "firm" is to be a making firm with a selling corporation as agent. Mr. Waterman's personal qualities therefore would not profit his "firm," but might the selling corporation, Moden Pen Co., to which he was promptly shipped (Contract, Defs.' Exh. A-14, Rec., p. 1673, and Waterman's deposition, Rec., p. 108, Q. 101; Q. 138).

It is obvious that if the original aggregation of the two Chapmans and A. A. Waterman did not ripen

into a partnership either because of the entire lack of action in pursuance of the deed (*Davis* v. *Key and Gray* v. *Gibson* above), or because on the deed itself and the facts testified to by Mr. Waterman, it is apparent that the fundamental *intent* to be *partners* was entirely lacking, then nothing accrued to the two Chapmans which would warrant their use of the name Waterman, certainly after the departure of Mr. Waterman for the west in July, 1906.

11. *Peck Bros.* v. *Peck Bros. Company*, 113 Fed., 291.

Mr. Waterman had no goodwill to grant and no going business to which any goodwill could be appurtenant. As to the alleged grant of a right to use Waterman's personal name, such a right cannot be granted in gross,

12. *Thorneloe* v. *Hill*, 11 R. P. C., 61—1894 (Ch. Div.).

13. *Burrow* v. *Marceau*, 124 A. D. (N. Y.), 665,

and any attempt to do so is futile, except perhaps to give a right to the Chapmans as against A. A. Waterman.

But even if it be found that a partnership, having a right to use the name Waterman in its firm name and on its goods, was duly created and that a present firm of Chapman and Chapman, doing business as A. A. Waterman & Co. exists, still the defendant's justification is not made out, for there is no sufficient proof in this record that such a firm ever *made* fountain pens, as against the evidence of the witness, A. A. Waterman, that the alleged firm was to do nothing, that it had no function except to continue the good will and name, which, as no going business was transferred, could not be acquired or continued, that the firm was a "paper firm," and that the entire business was done by the Modern Pen Co., the defendant herein.

If the "firm" made no pens, as the answer sets

up that it did, then certainly the Modern Pen Co. cannot justify the selling of pens made by some one else, under any alleged right in the firm.

The evidence of Waterman, if untrue, might easily have been shown to be so by the Chapmans who had full knowledge of the facts or by other witnesses. The actual making by the Chapman firm might have been proved. No contradiction of Waterman was attempted, although his evidence was taken in plaintiff's *prima facie* case.

The same is true as to the final step necessary to support defendant, Modern Pen Company's justification—namely, that the pens the Modern Pen Co. sells are pens made by the firm having the right to trade under the name and mark its goods "A. A. Waterman & Co." There is not a *scintilla* of evidence to support the answer in this regard, to be found in the record.

The question of the right of Arthur A. Waterman to use his personal name in the conduct of his business is in no way raised by this proceeding. The question for decision is as to the right of a corporation to use a personal name, identified with an old established business, in the marking of goods sold by the corporation. The burden of proof is on the defendant corporation to prove its right. Has the defendant corporation sustained that burden by producing a partnership deed, to which a man named Waterman was a party, in view of the testimony of Waterman as to the real facts of the alleged partnership and in view of the failure to offer any evidence, beyond the deed, in support of the *fact* of partnership, although such evidence must be easily produced, if it exists, and in view of the fact that no actual proof that the alleged partnership ever made any pens, to rebut Mr. Waterman's testimony, and in view of the fact that no evidence is given that the pens sold by the defendant, the Modern Pen Company, are pens made by the alleged partnership, if the alleged partnership ever made pens. All these facts are nega-

tived by Mr. Waterman's uncontradicted testimony (Record, p. 101 *et seq.*).

IT IS SUBMITTED THAT THE DEFENDANT CORPORATION, THE MODERN PEN COMPANY, HAS NOT SUSTAINED THE BURDEN OF PROOF (1. *Jacobs* v. *Beecham*, 221 U. S., 263) AND HAS COMPLETELY FAILED TO JUSTIFY ITS USE OF THE NAME "WATERMAN" AND THAT THE DECREE OF THE COURT BELOW SHOULD BE REVERSED WITH COSTS TO PLAINTIFF IN ALL COURTS AND THE LOWER COURT ORDERED TO ENTER A DECREE FORBIDDING THE DEFENDANT CORPORATION, MODERN PEN COMPANY, TO USE THE NAME "WATERMAN" IN CONNECTION WITH THE MAKING OR SALE OF FOUNTAIN PENS AND DECREEING THAT A WRIT OF PERMANENT INJUNCTION ISSUE AGAINST THE DEFENDANT, MODERN PEN COMPANY, ITS AGENTS, OFFICERS AND SERVANTS, FORBIDDING IT OR THEM OR ANY OF THEM FROM—

(*a*) Directly or indirectly making or causing to be made, selling or causing to be sold, or offering for sale, or advertising any fountain pen of other manufacture than that of the plaintiff under the name of Waterman or Waterman's, or Waterman Pens, or Waterman's Pens, or Waterman Fountain Pens, or Waterman's Fountain Pens, or Ideal Pens, or any mark or name in imitation thereof or near resemblance thereto as might be calculated to deceive or be likely to cause confusion or mistake in the mind of the public or deceive purchasers, or which would indicate that the fountain pens sold, represented or advertised are fountain pens of plaintiff's manufacture.

(*b*) Infringing the plaintiff's trade-mark "Waterman's Ideal Fountain Pen, N. Y.", or infringing the plaintiff's trade-mark "Ideal," and from manufacturing or selling fountain pens (other than fountain pens of plaintiff's manufacture) having the said trade-marks or either of them, or any simulation or colorable imitation thereof, on such fountain pens, whether on the holder or on the gold pen, or

on labels, boxes, signs, letter-heads, billheads, circulars, or advertisements accompanying or used in connection with the making or selling of such fountain pens, or in any manner whatsoever.

(*c*) Directly or indirectly making or causing to be made, selling or causing to be sold, or offering for sale, or advertising any fountain pens of other manufacture than that of the plaintiff, engraved, imprinted or otherwise marked with any representation of a globe on such fountain pens, or upon boxes containing such pens, or on labels, signs, circulars or advertising accompanying or used in connection with the advertising or selling of such fountain pens.

(*d*) Using in connection with the manufacture or sale of fountain pens or parts thereof, other than fountain pens of plaintiff's manufacture, the name "Waterman" or "Waterman's" or "A. A. Waterman" or "A. A. Waterman & Co." or "A. A. Waterman & Company" or "Arthur A. Waterman & Company."

Respectfully submitted by

WALTER B. RAYMOND,
OLIVER MITCHELL,
For the L. E. Waterman Company.

OLIVER MITCHELL,
WALTER B. RAYMOND,
VICTOR C. CORMIER,
MORTIMER W. BYERS,
Of Counsel.

DIGEST OF CASES

1.

Jacobs vs. Beecham, 221 U. S., 263–271:

This was a bill by the owner of a patent medicine known as "Beecham's Pills" to restrain the defendant from using the same name on pills made by him and trying to appropriate the plaintiff's good will. The plaintiff has a decree in the Circuit Court, enjoining the defendant from using the word "Beecham" in connection with pills prepared or sold by him. The defendant set up that the name "Beecham" was a proper name and cannot constitute a valid trade-mark, and the defendant's use of the name was saved from being unfair by a statement underneath that he made the pills.

HELD (Mr. Justice Holmes): "When the defendant has to justify using the plaintiff's trade name, the burden is on him."

2.

Davis v. Key, 123 U. S., 79:

HELD (Mr. Justice Blatchford): A partner cannot maintain an action against his co-partner for an accounting under an agreement of partnership which has been executed, but which has never been complied with and has never gone into effect.

3.

Brown Chemical Co. v. Stearns & Co., 37 Fed., 360:

Where the plaintiff was the proprietor of a preparation known as "Brown's Iron Bitters", and defendant of another, called "Iron Tonic Bitters", which it falsely stated to be made by "Brown & Co., New York," it was held that such statement should be enjoined.

4.

R. Heinisch's Sons Co. v. Boker et al., 86 Fed., 765:

The defendants, former agents for the firm of R. Heinisch's Sons, complainant's predecessors, which firm

enjoyed a high reputation as makers of shears, entered into a contract with H. C. Heinisch, a former member of the firm by which the defendants acquired, among other things, the right to use his name upon all their goods. Henry Heinisch on withdrawing from the firm, had conveyed to it all his interests in its assets and business, and defendants, in a contract had admitted that the firm was "sole owner of the Heinisch trade-mark". Defendants after making the contract with Henry Heinisch at once began to make and sell shears stamped with Henry Heinisch's name and packed in a manner similar to complainant's goods, so as to lead the ordinary purchaser to believe them the same. The defendants also continued to style themselves, upon signs, in circulars, etc., "agents for R. Heinisch's Sons." It appeared that nothing had ever been done under any clause of the contract, except that conveying the right to use the name; and the real object appeared to have been solely to acquire, under cover of the other clauses, a claim to that name.

HELD: per Townsend, *D. J.*: "The defendants contend that, in any event, they have a right to use the name "Heinisch" or "H. C. Heinisch" upon their goods * * *. In 1892 H. C. Heinisch sold his name to them, as a trademark. Except for his connection with his patented shears, it does not appear that this transaction represented anything except the purchase of the right to make profit out of the Heinisch trade name. It is true that the ingeniously worded contract purported to provide that H. C. Heinisch should impart 'any special information he may have or acquire as to the best methods of cutlery manufacture.' But said contract further gave to defendants the right to manufacture any kind of 'cutlery which they desire to make and place on sale with the name "H. C. Heinisch"' and provided that said name should be 'the property of and belong to the parties of the first part forever.' * * * When H. C. Heinisch made this contract in 1892, allowing the perpetual use of his name, all that he did was to look at some samples of the goods which the defendants were to have manufactured for them, and to express his satisfaction with them, as he considered them equal, if not superior, to the original Heinisch goods. * * * Judging from the conduct of defendants, the actual object of said contract was to appropriate the reputation of the Heinisch shears by the purchase of the name 'H. C. Heinisch.' * * * This is not the case of a sale of a good will in connection with a plant or a growing business. * * * Nor is this a case where the party allowing the use of his name on certain goods has associated himself in business with the manu-

facturers thereof. It does not appear that H. C. Heinisch ever invested any money in said business, or undertook any supervision over, or exercised any skill in, the manufacture of said goods. It thus appears that, while neither of the ostensible objects of said contract has been carried out, the Heinisch name, attempted to be sold thereunder, has been so used as to deceive the public."

5.

Abel Morrall, Ltd., v. Hessin & Co., 20 R. P. C., 429:

For one hundred years a needle business had existed under the name of "Abel Morrall". In 1891 plaintiff purchased the good will of the needle business of Joseph Mogg and Joseph John Richard Mogg, which dated from 1846. Abel Morrall's or A. Morrall's needles were famous under these names or simply as Morrall's. Mogg's needles were well known in certain localities. Defendant began the needle business in 1893 as "T. Hessin & Co.," and in 1900 purchased for sixty eight pounds the business of Jabez Yardley Morrall, a former employee of plaintiff company. Defendant also purchased for seven pounds, the business of W. Mogg & Co., provision dealers, who sold to defendant "the whole bag of tricks", the receipt given by defendant mentioning good will, use of name, labels, etc. HELD: These purchases were colorable and made with intent to defraud plaintiff, and that the defendant might obtain trade intended for plaintiff. Injunction granted against use of names J. Y. Morrall or W. Mogg & Co.

6.

Brown Chemical Co. v. Meyer, 139 U. S., 540:

Complainant manufactured a remedy to which it gave the name "Brown's Iron Bitters." Defendants, who are not manufacturers, sold a similar remedy which was originated by one E. L. Brown, who gave it the name "Brown's Iron Tonic." The two articles were distinctly unlike each other in appearance, and there was no evidence of a fraudulent purpose on the part of the defendants or the manufacturers of the article.

Held, that the designation "Iron Bitters" being *public juris*, and, on the facts of the case, the use by the originators of defendants' article of the patronymic "Brown" being legitimate, there could be no relief.

Brown, *J.:* "It is hardly necessary to say that an ordinary surname cannot be appropriated as a trademark by any one person as against others of the same name, who are using it for a legitimate purpose; although

cases are not wanting of injunctions issued to restrain the use even of one's own name where a fraud upon another is manifestly intended, or where he has assigned or parted with his right to use it (*McLean* vs. *Fleming*, 96 U. S., 245; *Goodyear Company* vs. *Goodyear Rubber Company*, 128 U. S., 598; *Russian Cement Co.* vs. *Le Page*, 147 Mass., 206; *Hoxie* vs. *Chaney*, 143 Mass., 592)."

7.

Kirby v. Tallmadge, 160 U. S., 379:

Per Justice Brown:

"While he avers in his answer, and Miller admits, the payment of $3,000 in cash, defendants introduced no testimony whatever in support of their case, but relied solely upon their answers. As they had it in their power to explain the suspicious circumstances connected with the transaction, we regard their failure to do so as a proper subject of comment. 'All evidence,' said Lord Mansfield in *Blatch* v. *Archer*, Cowp., 63, 65, 'is to be weighed according to the proof which it was in the power of one side to have produced and in the power of the other side to have contradicted.' It would certainly have been much more satisfactory if the defendants, who must have been acquainted with all the facts and circumstances attending this somewhat singular transaction, had gone upon the stand and given their version of the facts. (*McDonough* v. *O'Neil*, 113 Mass., 92; *Com.* v. *Webster*, 5 Cush., 205, 316; 52 Am. Dec., 711.) It is said by Mr. Starkie in his work on evidence (vol. 1, p. 54): 'The conduct of the party in omitting to produce that evidence in elucidation of the subject matter in dispute, which is within his power and which rests peculiarly within his own knowledge, frequently affords occasion for presumptions against him, since it raises strong suspicion that such evidence, if adduced, would operate to his prejudice.'"

8.

Pacific Coast S. S. Co. v. Bancroft Co., 94 Fed., 181, 200, reversed on other grounds in 180 U. S., 49:

When the circumstances in proof tend to fix a liability on a party who has it in his power to offer evidence of all the facts as they existed, and rebut the inferences which the circumstances in proof tend to establish, and he fails to offer such proof, the natural conclusion is that the proof, if produced would support the inferences against him.

"It necessarily follows that, if such facts are known to him, he must prove them. 'It is not

enough for him to show that it might have arisen from that cause. He must prove that it did.' If the facts are unknown to him then the other methods of proof suggested by Judge Hoffman may be resorted to,—their sufficiency, of course, to be determined by the Court. Common sense and sound reason appeal strongly to the conscience of the Court, against the adoption of any rule that would allow the claimant to withhold the facts within his knowledge, and rely solely on the theory of presumption."

9.

Pennsylvania RR. Co. v. Anoka Nat. Bank, 108 Fed. CCA., 482:

The plaintiff below sued the railroad company to recover for the loss of goods in shipment and introduced evidence tending strongly to show that the defendant managed and controlled the line of road upon which the loss occurred although it was owned by a separate corporation.

HELD: "The defendant Company, of course, knew exactly the relation it sustained, to the Philadelphia, Wilmington & Baltimore Company, and, if it was not such as the mass of testimony introduced by the plaintiff strongly tended to show it to be, it was open to it to produce convincing evidence of the fact, and show precisely what the relation was, and, not having done so, every inference warranted by the evidence may justly be indulged against it. Where the evidence tends to fix a liability on a party who has it in his power to offer evidence of all of the facts as they existed and rebut the inferences which the proof tends to establish and he refuses to offer such proof, the natural inference is that the proof if produced, instead of rebutting, would support the inference against him."

10.

Mayer Co. v. Virginia-Carolina Co., 35 App. D. C., 425:

The appellee claims title under an assignment of the good will and trade-mark which was unaccompanied by the sale of any business with which these were associated. HELD: That the trade-mark and good will did not pass. Also the appellee's assignor having wound up its affairs and abandoned its business, held, that the good will thereby became extinct, citing and quoting:

Wedderburn v. *Wedderburn,* 22 Beavan, 84.

"Good will is a matter distinctly appreciable, which may be preserved (at least to some extent) if the business

be sold as a going concern, but which is wholly lost if the concern is wound up, its liabilities discharged, and its assets got in and distributed."

11.

Peck Bros. v. Peck Bros. Co., 113 Fed. C. C. A., 291:

Peck Brothers & Co., a Connecticut corporation organized for the purpose of manufacturing brass and plumber's goods, passed into the hands of a receiver on petition of creditors. By order of Court all assets, good will, trade-marks, etc., were sold to a committee representing all stockholders who formed a new corporation called "The Peck Brothers & Company." A vice-president of the old concern and parties connected with the receivership, having charge of a branch in Chicago, obtained a charter from the State of Illinois for a corporation to be called "Peck Bros. Co." There were no Peck Brothers or Peck in it. HELD:

> "The name assumed was voluntarily selected, and, as we must believe, for the purpose of appropriating the good will and trade name of another. If not originally so designed, it is clear that, upon failure to procure the right by purchase, the name was afterwards used for the purpose of misleading the public and appropriating to itself, without right, the valuable trade name of another. That wrong has been effected. Furthur wrong should be prevented. The remedy, if the defendants be honest, is simple. They have but, under the law, to change the name which they selected, and which has wrought the injury. In any event, they should be enjoined from further perpetration of the wrong."

12.

Thorneloe v Hill, 11 R. P. C., 61—1894 (Ch. Div.):

Defendant was without any right to do so, selling watches marked "John Forrest". HELD: however, that plaintiff was not entitled to restrain him from doing so, for the reason that his right to use the name was not established; it was traced by various steps to the actual John Forrest, who died many years before, and the particular defect pointed out in plaintiff's title was that the right to use the name was not assignable in gross, without some business or good will to which it was appurtenant.

13.

Burrow v. Marceau, 124 A. D. (N. Y.), 665—1908; 109 N. Y. Sup., 105:

"Napoleon Sarony was a successful New York photographer prior to November 9, 1896, when he died. October 7, 1898, Otto Sarony, his executor, sold to plaintiff's assignor Sarony's business with the trade-mark 'Sarony' and the good will of the business. Later this executor agreed with Marceau to use his, Otto Sarony's name, or any part of it. Marceau then organized the Otto Sarony Co., photographers, a New York corporation in which Otto Sarony owned one share of stock—the consideration for his giving the concern the right to use his name. HELD: 'The object of this transaction is perfectly apparent. It was not an attempt of a man to transact business in his own name or to transfer to another the good will of an established business. Otto Sarony did not intend to go into business using his own name * * *. The only object he (Marceau) could have was thus to secure some of the business of the plaintiff * * *.' 'Sarony' meant nothing except so far as it represented the reputation or skill and artistic merit of the business transacted under that name. It was a fraud if the defendant represented that this company was either the successor of the business and methods established by Napoleon Sarony, or that any member of the Sarony family had any connection with it. It was a fraud upon the plaintiff, in that by the use of the name 'Sarony' it indicated that the Sarony who had established the business known to the public as Sarony's photographic establishment was connected with it, and it was a fraud for Otto Sarony to make such an agreement with the defendant Marceau when he had transferred the right to use the name of Sarony with the business established by Napoleon Sarony and had received consideration therefor."

14.

Wm. G. Rogers Co. v. International Silver Co., 118 Fed. Rep., C. C. A., p. 133:

"It is claimed that the business inaugurated by William G. Rogers was *bona fide*, and that, being such, it stood after its transfer to the respondent corporation with all the same rights as before its transfer. There is nothing that shows any particular finding below on this proposition; but the very small amount for which all the assets of Rogers were transferred to the corporation, as well as some other facts to which it is not necessary to refer, establish, on the present record, beyond any reasonable doubt, that the purpose of Rogers, from the incip-

iency of the business, was as stated in the complainant's bill, and was not *bona fide*, in the sense in which such an expression is used by the courts with reference to protecting established commercial or manufacturing interests. The circuit court was right in holding that Rogers was a joint tort feasor with the corporation to which he assigned his apparent business interests."

15.

National Distilling Co. v. Century Liquor & Cigar Co. *et al.*, Warrington, *J.*, 183 Fed. Rep.: C. C. A., pp. 206, 209, 210:

"The contention is that a surname cannot be exclusively appropriated against anyone bearing the same name or otherwise having a right to use it. Reliance is placed on *Howe Scale Co.* v. *Wyckoff, Seamans, etc.*, 198 U. S., 118, 25 Sup. Ct., 609, 49 L. Ed., 972: *Donnell* v. *Herring-Hall, Marvin Safe Co.*, 208 U. S., 267, 28 Sup. Ct., 288, 52 L. Ed., 481; *Herring, etc., Safe Co.* v. *Hall's Safe Co.*, 208 U. S., 554, 28 Sup. Ct., 350, 52 L. Ed., 616, and other kindred decisons. It must of course be conceded that the principle contended for has long been the settled law. But the essence of appellant's complaint is against the Century Company. * * * It is simply misapplying the rule that one cannot be prevented from using his own name in his own business, to say under the facts of this case, that these men can use their name as a trade-mark in the business of this corporation. The cases relied on by appellee upon this subject do not secure more than a personal privilege, and that only when it is exercised fairly and so as not to mislead the public. *Royal Baking Powder Co.* v. *Royal*, 122 Fed., 337, 348, 58 C. C. A., 499."

16.

Royal Baking Powder Co. vs. Royal, 122 Fed., 337, at pp. 343, 347, 348.

"Now, if the defendant did not bear the family name of 'Royal' there would not be the slightest doubt but that his use of the word 'Royal' in connection with a baking powder made and sold by himself would be absolutely prohibited, upon the ground that the use of so arbibrary and meaningless a word applied to a baking powder could only be with the dishonest intent to appropriate to himself some of the benefits resulting from the demand for the Royal Baking powder made and sold by the complainant. * * * Seeing that he has been trading in the name of Valentine, irrespective of the company * * * I think it is right as asked for by the injunction, that he should not use it without carefully distinguishing himself

from the meat juice company who have been the objects of his attacks. * * * Under any such name or title as aforesaid without clearly distinguishing such business from the business of the plaintiff, and from selling, or offering or exposing or advertising for sale, or procuring to be sold, any such preparation as aforesaid, under any such description as aforesaid, without clearly distinguishing such preparation from goods of the plaintiffs. * * * But the defendant must not use his name in the business in which complainant has embarked, without using every means reasonably possible to distinguish his business from that of the complainant, and his goods from those made by it."

17.

Garrett v. T. H. Garrett & Co., 78 Fed. Rep., C. C. A., p. 472.

The plaintiffs marked snuff "W. E. Garrett, Philadelphia," and the defendants marked snuff "T. H. Garrett, Louisville, Ky.," afterwards changed to "T. H. Garrett & Co."

"That there was any intent to appropriate the good will or to deceive complainant's customers is stoutly denied by T. H. Garrett, and by the officers of the defendant corporation, and it is declared in their affidavits that the retail dealers who were customers of, and those who were solicited by the defendant company, were advised that the snuff was the manufacture of T. H. Garrett & Co. and not the manufacture of William E. Garrett & Sons.

Whether retail dealers were advised that they could sell the snuff as 'Garrett's Snuff' to their customers as and for the snuff manufactured and sold by complainants, and whether it was intended that those customers should be thus deceived is in dispute. Affidavits for complainants sustain the charge, and affidavits for the defendant deny it. But that the effect was to impose snuff manufactured by the defendants upon purchasers from retailers as 'Garrett's Snuff'—that is to say, as snuff manufactured by complainants—is, we think, too well established to be doubted; and we are fully impressed that it was the intention of the defendant company, by the use of the name 'Garrett', to appropriate the good will and interfere with the trade of the complainants.

The statement, made by Holloway in his affidavit, that the only reason for retaining the name of T. H. Garrett, in the name of the corporation was that he was its original projector and promoter, and that it would have been an unnecessary and unfair reflection on him to have changed the name, is mere pretense and sham, too

bald to be even plausible. If it be said that it was to preserve the good will of the company as first organized, the answer is that by Garrett's own affidavit it is shown that, by reason of the poor quality of the snuff put on the market by that company, its good will, if it ever had any, was all turned to ill will. Taking his own showing, it is apparent that the best thing for the company to do, if it was actuated by any honest purpose, would have been to get rid of the name as quickly as possible. The sending out of circulars and advertising matter, which might be suggested as another reason, was, almost exclusively, after the reorganization. If the defendant company was and is, as it claims, solicitous to avoid confusion of labels, and desirous to build up a good will of its own, which it would be able to protect against the complainants as well as all others, it ought to hail with satisfaction anything that the Court below could have done, or that this Court can do for it, in that behalf.

It is not claimed that the packages of snuff on which they were placed were put on the market with the intent to deceive the retail dealers who were supplied by defendant. That would have been impracticable. The claim is that the snuff was of inferior quality, and sold at prices below complainant's prices, with the expectation that the retail dealers, who knew what they were buying, would sell it to their customers as 'Garrett's Snuff,' and at the price of the genuine article, thereby reaping a larger profit. That was the lure, and it was of the sort to be successful in the great majority of instances. * * * But the injury to the complainants was and is two fold, for they not only lose trade, but reputation, or good will also.

Without the use of that name the fraudulent scheme of the defendant would never have materialized. * * * That the complainants were entitled to the use of the word 'Garrett' on their labels, as a trade-mark or as a descriptive word, is, in our opinion, beyond question, upon the undisputed facts of the case. They and their predecessors had enjoyed such use for many years and had built up an extensive trade based upon it. Even if it could not be used as a trade-mark, it is to be treated as a descriptive term, to the benefit of which they are entitled. It was so held by the Court of Appeals of this Circuit in *California Fig Syrup Co.* vs. *Frederick Sterns & Co.*, 20 C. C. A., 22; 73 Fed., 812, and in *Salt Co.* vs. *Burnap* also decided by the Court of Appeals of the Sixth Circuit and reported 20 C. C. A., 27; 73 Fed., 818. * * * In such a case as this, where the manifest intent was and is to appropriate the good will of the complainants by the

fraudulent use of the name 'Garrett' if the complainants be not protected by preliminary injunction against such use,—if, in other words, that question be postponed to the final hearing, there is every inducement to the defendant to delay and prolong the litigation, continuing, meanwhile, the assaults upon the good will of the complainants, so that, even if final decree be at last rendered in favor of the complainants the good will will have been so seriously and irreparably injured, if not in great measure destroyed, as to leave the complainants practically without remedy. * * *

Entertaining these views, the order of the Judge below for an injunction as to the use of the labels will be affirmed, and the order refusing an injunction against the use of the name of 'T. H. Garrett' or 'T. H. Garrett & Co.', will be reversed, with costs. The cause will be remanded, with instructions to continue the injunction granted, and to grant an injunction, in accordance with this opinion, against the use of the name of the defendant 'T. H. Garrett' or the name of 'Garrett,' as a part of the corporate name of the defendant, or in its business."

18.

Ludlow Valve Mfg. Co. vs. Pittsburgh Mfg. Co., 166 Fed. Rep., C. C. A., pp. 26, 29, 31:

"The power of courts of equity to restrain unfair competition, is a very beneficient one, and is founded upon a basis of sound business morality. The opinion of the Supreme Court of the United States, in the Singer case, while recognizing the right to the use of the word 'Singer' as a generic description of the article, makes emphatic recognition of the duty of the Court to require the name to be used in connection with such proper statements in advertisements, etc., as to guard against any possibility of deceiving the public as to the source of manufacture.

No arbitary rules have ever been nor ever can be, laid down by which courts of equity will furnish this protection. To establish such rules, would, like definitions in the law, furnish the means by which fraud could successfully accomplish its ends. Courts of equity may require such form of words to be used in connection with the appropriated name as will completely protect the rightful owner of that name from injury and the public from imposition, and a defendant so using the name has no just right to complain of any form of words in connection with the name, the only purpose and effect of which is to prevent appropriation by him of the fruits of another's business enterprise and skill. * * * The rule is, that

what the Court will regard as sufficient notice of the source of manufacture, must be given by such user of another's trade name, and that such name may not be used without clearly and unmistakably specifying, in connection therewith, that such machines are the product of the defendant, or other manufacturer, and therefore not the product of the original maker and vendor thereof.

19.

Charles E. Hires Co. v. Consumers Co., 100 Fed. Rep., C. C. A., pp. 809, 812, 813:

"It is true that no one has a monopoly of form, nor has he a monopoly of color, of the shape of letters, of geographical names, or of his own name. An action like the present proceeds upon no such ground, but upon the principle that one may not, by means lawful in themselves when devoted to a lawful end, perpetrate a fraud upon the public, or infringe the rights of another. The doctrine is not novel in this Court. We have held that one may not use his own name to work a wrong (*Meyer* v. *Medicine Co.*, 18 U. S. App., 372; 7 C. C. A., 558; 58 Fed., 884; *Pillsbury* v. *Mills Co.*, 24 U. S. App., 395; 12 C. C. A., 432; 64 Fed., 841), or a geographical name for like purpose (*Mills Co.* v. *Eagle*, 58 U. S. App., 490; 30 C. C. A., 386; 86 Fed., 608; 41 L. R. A., 162). * * * The obvious purpose and the manifest result of this piracy were to enable retail dealers to palm off upon the public the goods of the defendant as the goods of the complainant. That wrong could not be prevented by the partial restraint imposed by the Court below. * * * The Court below, upon holding that the changed label of the defendant infringed the complainant's right, caused to be submitted for its approval another form of label, which it approved, and authorized the defendant to use upon bottles of the same form as those used by the complainant. We greatly doubt the propriety of such action. When an infringement has been found, it should be restrained. A court of equity does not sit as an arbiter to determine in advance upon other and changed labels, which the infringer may adopt to avoid the condemnation of the Court. Whether such changed forms do in fact infringe is matter of fact to be determined by the Court in its usual course of procedure upon complaint lodged by the party damnified. The duty of the Court below was to determine whether the labels complained of in the bill infringed the complainant's right. That duty was fully performed when the Court had so determined. It is not called upon to decide whether a new label proposed for

adoption would infringe. This is especially so here, where the infringement was deliberate and designed. In such case the Court ought not to say how near the infringer may lawfully approximate the label of the complainant, but should cast the burden upon the guilty party of deciding for himself how near he may with safety drive to the edge of the precipice, and whether it be not better for him to keep as far from it as possible. * * * The defendant is not deprived of the right to market its root beer, but, at its peril, must see to it that its product is not dressed in the clothes of another."

20.

Walter Baker & Co. v. Sanders, 80 Fed. Rep., C. C. A., pp. 889, 894. Lacombe, *C. J.*:

"The Public do not go into the minuter refinements of the title or the label. Whether it is described as 'Walter Baker's Chocolate' or 'William Baker's Chocolate' or 'W. H. Baker's Chocolate', or 'W. H. Baker's Best Chocolate,' so long as the title contains the words which in trade and among consumers have come to be the every day designation of complainant's goods, the chocolate so labeled will naturally be assumed to be complainant's unless special care be taken to indicate that it is not. * * * The complainant is entitled to relief against further use of a title which causes confusion, provided such relief can be granted without depriving W. H. Baker of the right to use his own name in connection with the chocolate business. The measure of such right is tersely expressed by Judge Paul:

'The doctrine is equally well settled that equity will direct how a man shall use his name in his purpose to denote his own individuality. He will not be allowed to use his own name as to work an injury to another having the same name, nor to perpetrate a fraud on the public.' * * * But he should not be allowed to use his surname, Baker, whether his given name or its initials are prefixed or not, so as to announce upon label or advertisement that the goods he sells are 'Baker's Chocolate'."

21.

Souffront v. Compagnie Des Sucreries, 217 U. S., pp. 475, 486:

"Let it be conceded for the sake of argument, that ordinarily no one is privy to a judgment whose succession to the rights of property thereby affected occurred previously to the institution of the suit (*Dull* v. *Blackman*, 169 U. S., 248; Freeman on Judgments, 1st ed., Sec. 162); nevertheless the rule has no application to a case like this where the nominal plaintiffs or complainants were in

legal intendment conducting the litigation under the direction and for the benefit of the real owners of the property. The persons for whose benefit, to the knowledge of the Court and of all the parties to the record, litigation is being conducted cannot, in a legal sense, be said to be strangers to the cause. The case is within the principle that one who prosecutes or defends a suit in the name of another to establish and protect his own right, or who assists in the prosecution or defense of an action in aid of some interest of his own, and who does this openly to the knowledge of the opposing party, is as much bound by the judgment and as fully entitled to avail himself of it as an estoppel against an adverse party, as he would be if he had been a party to the record. (*Lovejoy* v. *Murray*, 3 Wall., 1)".

22.

Gray v. Gibson, 6 Mich., 300:

Gibson, Mason & Mason brought replevin against Gray for a quantity of wheat. Gray pleaded that the wheat was the property of one Ells. At the trial plaintiffs to prove title, offered evidence of a witness who saw plaintiffs sign a partnership agreement, which agreement is now in the custody of the Clerk of Erie County. A copy of the agreement made by the witness was offered in evidence and admitted. The agreement set forth that G. M. & M. had formed a limited partnership under the laws of New York, and provided for the beginning and termination of the partnership. Plaintiff also offered evidence of certain dealings in the particular load of wheat in question. The trial judge charged the jury that as the evidence showed that the plaintiffs had made themselves partners as to third persons then they had in fact become general partners, and as such were entitled to maintain the action. There was a verdict for the plaintiffs.

HELD, on appeal, that even if the original certificate with due proof of execution had been offered in evidence, it could not of itself, without evidence *aliunde* show a partnership of any kind between the plaintiffs. If admissible at all for such a purpose it must have been in connection with acts of the parties tending to show they had actually gone into business as partners.

"But, standing alone, without any extrinsic evidence tending to show that they had actually entered into business as partners, it could not, we think, tend to prove an actual partnership between the plaintiffs, and if no such extrinsic evidence was given we think it would have been the duty of the court to charge the jury that there was no legal evidence from which they were authorized to find the fact of such partnership".

As to the trial Judge's charge that if evidence showed a partnership as to third persons, they were partners in fact. It was held:

"The question whether persons are partners *inter se* is to be determined by the understanding and intention of the parties, or in other words, the contract as between themselves, and no partnership as between the parties can be formed without the assent of every member and his actual intention to become such."

23.

Drennen et al. v. London Assurance Company, 113 U. S., 51, at p. 55:

A fire policy covering the merchandise belonging to a firm, provided that it should be void if the property "be sold or transferred, or any change takes place in title or possession, except by succession by reason of the death of the insured, whether by legal process or judicial decree or voluntary transfer or conveyance." Subsequently and before loss, the firm, owning this property in certain proportions made an agreement, in writing with A. by which they agreed to receive him into their business upon the following terms and conditions: Said firm to become incorporated; A. to pay into the firm for its use $5,000. forthwith and $5,000 in two years--the name of the new company to be determined hereafter. The property of the existing firm to be put into the corporation to be formed, adding to it the $10,000. to be paid by A. The interests and shares of the several parties in the new company to be in proportion to the amount so contributed by each to the capital stock. When a charter shall be procured as aforesaid, half of A.'s stock to be held by said company until the second sum of $5,000. be paid. No change in the name or the character of the existing firm shall be made until said corporation shall be formed.

Per, Mr. Justice Harlan.

"At the trial below the plaintiffs asked the Court to instruct the jury that the written agreement with Arndt followed by his payment of $5,000. in money, the delivery of his note for a like amount and the entry of the money and notes to his individual credit upon the books of Drennen, Starr and Everrett did not constitute him a partner with plaintiffs, as between themselves, and did not have the effect to assign or transfer to him any title or interest in the property insured. The court refused to give that instruction, but charged the jury that 'Said agreement so signed, if assented to by Everett, and the receipt by plaintiffs of the money and note and the credit thereof on their books to Arndt would and did constitute Arndt a partner with plaintiffs, as between themselves, from the

time of the receipt by plaintiffs of said money and had the effect to convey and transfer to and vests in Arndt a joint and undivided interest and title with plaintiffs in the insured property.'" * * * "We have now only to determine whether there was error in holding that Arndt by virtue of the agreement of May 24, 1883, and the facts recited in the charge to the jury, became a partner in the firm of Drennen, Starr & Everett. This question is within a very narrow compass, for our inquiry is restricted to the ascertainment of the real intention of the parties as disclosed by the written agreement, considered as a whole, and by their conduct in execution of its provision."

Held that Arndt did not become a partner nor acquired any interest in the property of the partnership before it was made a corporation, and that the parties did not contemplate a partnership and none was ever established between them.

24.

McLean v. Fleming, 96 U. S., pp. 245, at p. 253:

"Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to an account for past profits. *Rodgers* v. *Rodgers*, 31 L. T., 285; *Blackwell* v. *Crabb*, 45 L. J., Pt. I, 505. * * *"

25.

N. K. Fairbank Co. v. Luckel, King & Cake Soap Co., 116 Fed. Rep., pp. 332, 333:

"The Circuit Court entered a decree in favor of the complainant, granting the injunction, but denied the prayer for an accounting, upon the ground of complainant's laches. The complainant has appealed from so much of the decree as denied its right to an accounting. The appellant claims that notwithstanding its delay in seeking the relief prayed for in the bill of complaint, having obtained a decree against appellee for an injunction, it was entitled to the further order for an accounting as a matter of course, and particularly as to the gains and profits made by appellee's acts of infringement intermediate the time of the filing of the bill of complaint and the date of the decree. In answer to this contention it is sufficient to say that it was held by the Supreme Court in the case of *McLean* v. *Fleming*, 96 U. S., 245, L. Ed., 828, that in a suit like this a complainant who has been guilty of laches in asserting his rights is not entitled to an accounting for past profits, although upon the whole case the court might deem it proper to grant an injunction to prevent future infringement."

26.

Bissell Chilled Plow Works v. T. M. Bissell Plow Co., 121 Fed. (C. C. A.), 357, at p. 369:

"No doubt, Mr. Bissell had the right, upon severing connection with complainant, to go into the plow business again on his own account, and transact it in his own name, with such restrictions and precautions in regard to the use thereof, in relation to his business, as would prevent, as far as possible, his goods being taken for complainant's and thus avail himself of his reputation as a plow manufacturer. But that he did not do And whether he did so or not, this is not a case against him, but against the defendant corporation. It is not a case involving the right of a person to use his own name, but the right of a corporation formed and managed by persons not of that name to use the name. The line of authorities cited by counsel for defendants, involving the right of a person to use his name in his own business, are not, therefore, pertinent to this case.

27.

Shea v. Nilima, 133 Fed. Rep., p. 209, at p. 213:

"It is alleged in the complaint to be a 'prospecting and mining partnership.' But it matters not what name be given to it by the parties; it must be left to the Court to determine its general nature from the facts. Whether it is called a 'contract' an 'agreement' or a 'partnership,' the law steps in and from the facts determines the rights of the respective parties thereunder. * * * The entire steps taken by the parties must be considered. Whatever was done in furtherance of the common purpose, understanding, and agreement must be treated as an entire or continuous transaction so far as their rights and obligations in respect to the enterprise are concerned. If by words, acts and deeds they joined together in a common purpose, and agreed to share equally in the enterprise, they were, in a certain sense, partners and such a partnership may be formed without any written articles between the parties. In determining whether the relation between the parties to an oral agreement constitutes a partnership, their intention, as is disclosed by the nature and effect of the whole agreement, and acts done thereunder, must govern."

28.

Salter v. Ham et al., 31 N. Y., 321, at pp. 327, 328, 329:

"Whether two or more persons are partners, as between themselves, is determinable chiefly by a reference to their own intention. Now, what was intended by the agreement of December, 1855? Was it that the plain-

tiff by loaning to Ham, the sum of $500 to purchase materials for manufacturing his medicine, should become a partner indefinitely in the general or future business? Such intention, I think, cannot be inferred from the terms of the agreement, construed in the light of the surrounding circumstances and conceded facts. Ham was manufacturing his medicine and had agents engaged in vending it in this and other States. The plaintiff agrees to loan him $500 for one year, and, as security therefor, he assigns bills and accounts against his agents for more than the amount of the loan, and at the same time stipulates to invest the sum in articles necessary to manufacture the medicine, and to manufacture and put the same on sale, and pay over to the plaintiff one-quarter of the net profits arising from such manufacture and sale. The plaintiff advanced the money about the 1st February, 1856, and it is admitted in the complaint that the parties acted under this contract from the execution thereof until about the 11th February, 1856 (a period of two months), when it seems to have been abandoned. * * * This agreement, I think, cannot be construed to create a partnership even in respect to the specific medicine manufactured from the ingredients to be purchased with the $500 advanced; and certainly it was not intended that the covenant should reach the general or future business or the fruits of other money to be used or invested. It was a mere arrangement for a loan, upon security for a fixed period, with profits by way of interest. It did not impose upon the plaintiff the duties or clothe him with the powers of a partner. There was no joint ownership of the partnership funds according to the intention of the parties. The $500 loaned under the agreement was not a contribution to the capital of the firm as such; nor was it put into the business at the risk of the business. The plaintiff was, in no event to participate in the losses of the adventure. With respect to third persons, Salter might be held to be a partner in the particular transaction, but as between himself and Ham the relation was that of creditor and debtor. Salter loans to Ham five hundred dollars for a term, upon security, and by way of indemnity for the use of the money it is agreed that it shall be invested in ingredients for manufacturing the Invigorating Spirit (a business which Ham was then carrying on), and upon the manufacture and sale of the article, if any profits accrued over and above the expenses of manufacturing and selling, Salter was to receive one-fourth of such profits. This seems to me to be the obvious intent and meaning of the agreement. Neither in terms or by implication is any partnership relation created as between themselves."

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